NORTHERN SPHERE MINING CORP.
Management's Discussion and Analysis
Period Ended December 31, 2016
Dated May 1, 2017 (Form 51-102F1)

This Management Discussion and Analysis ("MD&A") is provided for the purpose of reviewing the year ended December 31, 2016 as well as fourth quarter and comparing results to the previous period. The MD&A was prepared as of May 1, 2017 and should be read in conjunction with the Company's audited financial statements and corresponding notes for the years ending December 31, 2016 and 2015.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com and at the Company's website located at www.northernsphere.com

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's anticipated investment activities and results and financing activities, the Company's future working capital requirements, the impact of changes in accounting policies and other factors on the Company's operating results, and the performance of global capital markets and interest rates, the exposure of its financial instruments to various risks and its ability to manage those risks, and the Company's ability to use tax resource pools and loss carry-forwards.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to realize sufficient proceeds from the disposition of the investments (which will be based upon market conditions beyond the Company's control) or otherwise raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations and other risks included elsewhere in this MD&A under the headings "Risks" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Management's Assessment of Internal Control Over Financial Reporting ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a CNSX Issuer (as defined under under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109.

Description of Business

Northern Sphere Mining Corp. (the "Company") is a mineral exploration company that has been focused on the acquisition and exploration of mineral resources.

The Company is a reporting issuer in the Province of Ontario and its common shares trade on the Canadian Stock Exchange ("CSE") under the symbol NSM.

The Company added significant depth to both its board of directors and management team in the past year. Early in 2017, Mr. Sheldon Inwentash former Chairman and founder of Pinetree Capital, a well known mining company, joined the board of directors and assumed the role of Executive Chairman. In 2016, Mr. Steve Gray joined the management team as Vice President Exploration. Mr. Gray's responsibilities include establishing work programs for all the Companies property assets. Mr. Gray brings many years of experience working with underground mining exploration and production companies and will be instrumental as we move towards our goal of production.

These additions coupled with advancements at the mine sites enabled us to attract high profile investors such as Mr. Eric Sprott, a formidable name in mining circles. Mr. Sprott, through one of his companies invested $2 million in the Companies most recent private placement. Management is confident it now has the necessary team and funding to move Northern Sphere to the next level .

Arizona Properties

The Arizona project has made significant strides through 2016 with the Buckeye mine patents receiving the bulk of the work in these initial stages. The Company assembled an experienced mining team who have dewatered the adit and rehabilitated the underground workings, accessed the vein, and mucked out the workings. The Company has fully equipped an assay facility, a small gravity pilot plant and has poured 500 ounces of dore silver. It has purchased a two boom jumbo to drill the face of the mine; a 2.5 cu.yd. mucking machine to move ore to surface; ventilation equipment; and the necessary ancillary items to commence work underground. The Company is currently building its evaporation ponds, security and shop facilities, and is preparing to begin exploration underground drilling in the coming weeks.

Managment has taken the necessary steps to insure a safe and successful program, including full MSHA training of our entire crew and securing a blasting permit.

Scadding Claims

The Scadding Project in Ontario is also moving ahead. Our Vice President Exploration has designed a 5000 meter drill program to commence this summer. The drill permit is in process and is anticipated shortly. The goal of this program is to enable the Company to obtain a NI – 43-101 compliant clearance on the resource. The Scadding Tailings Project held under a JV with a private company is scheduled to commence production in 2 to 3 weeks. This phase of the Scadding Project has not only the benefits of producing the technical and metallurgical data we are seeking, but we anticipate it may return some revenue to the Company as well. This is an instrumental milestone for the Company and assist in moving towards feasibility.

The Company is pleased with the progress made in 2016 and excited by what lies ahead.

1.1 Corporate Activities

The Company's management continues to explore options to increase shareholder value including exploiting the Company's Joint Ventures in Arizona and Scadding, Ontario or acquiring additional assets that would be complementary to its property portfolio.

The Company's management has spent the last year primarily moving forward with exploration on certain mining property while it has sought various financing options. It has made significant strides on both these fronts.

The Company closed three private placements in 2016 for net proceeds after transaction costs of $1,843,004. These proceeds are being used for the ongoing development of the mining assets and general working capital.

In the second quarter of 2016, the Company completed the successful pilot production at its Buckeye Silver mine in Arizona where it has now stockpiled of over 500 tonnes of high grade feed material and has completed some preliminary facilities as part of their testing.

Meanwhile at the Company's Scadding Ontario property, the Company has commenced environmental permitting and contracted an environmental consultant to assist in the process.

Debenture

The Company continues to hold a non-interest bearing debenture payable with the face amount of $1,901,300 relating to property rights it controlled in 2013. As of December 31, 2016, the Company continues to be indebted to RX Gold & Silver Inc. and as the amount is due on demand, the debenture has been presented as current liability at face value.

Promisory note

In 2013, the Company received a refundable deposit of $50,000 relating to an anticipated transaction. The deposit converted into a demand promissory note later that same year and was due on June 30, 2014. The amount has not been settled as of December 31, 2016.

Capital structure and other changes

On August 20, 2015, the Company held an annual and special meeting of shareholders of the Company. The purpose of the meeting was to approve the following special considerations:

- An amendment to its share structure by consolidating its issued and outstanding common shares on the basis on one new common share for each twenty old common shares (the "Consolidation") on August 26, 2015.
- In connection with the Consolidation, the name of the Company was changed to "Northern Sphere Mining Corp." The board of directors of the Company believes that the Consolidation will better position the Company for future corporate development opportunities and financing transactions.
- An amendment to the articles of the Corporation to provide that the board of directors of the Corporation may appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

1.2 Overall Performance

In summary, the Company's financial condition continues to improve over the past twelve months ended December 31, 2016. The Company successfully attracted $1,843,004 proceeds from interested investors (net of financing costs). The additional capital has been used primarily for the ongoing development of the mining assets in Arizona and Scadding and general working capital.

Management settled $86,862 of advances from shareholders with two debt conversion agreements in October 2016. As a result of the timing of the issuance of the shares and a valuation of the transaction as of the date of the share issuance, the Company has recognized a loss on settlement of the debt in the amount of $217,155 and has reflected these losses separately in the statement of Comprehensive Loss).

After giving consideration to the transactions above, the Company had a working capital deficiency of $1,753,367 (2015 - $2,201,726). The primary reasons for the significant deficiency continues to be the recognition of the debenture of $1,901,300 in short term liabilities.

1.3 Selected Annual Information

The following table provides selected financial information and should be read in conjunction with the Company's Audited Financial Statements.

	Year Ended 31-Dec-16	Year Ended 31-Dec-15	Year Ended 31-Dec-14
	$	$	$
			(1)
Revenue	Nil	Nil	Nil
Income / (loss) for the period	(3,372,224)	32,873	(1,672,699)
Net income / (loss) for the period	(3,372,224)	32,873	(1,672,699)
Net income / (loss) per share - basic	(0.25)	0.010	(0.716)
Net income / (loss) per share - diluted	(0.25)	0.010	(0.716)
Total assets	883,690	1,797,445	1,608,292
Current Liabilities	(2,381,974)	(2,201,726)	(2,823,832)
Long-term debt	Nil	Nil	Nil
Dividends per share	Nil	Nil	Nil

Notes: (1) after giving retroactive effect to the common share consolidation effective August 25, 2015. (See Note 9 of the Audited Financial Statements for the years ended December 31, 2016 and 2015.)

1.3 Related Party Transactions and Key Management Compensation

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Expenses

Years ended December 31,	**2016**	2015
Director fees	**$ 40,000**	$ 78,667
Management and consulting fees	**369,500**	84,523
Share based compensation – value attributed to options	**33,925**	
	$ 443,425	$ 163,190
Other Transactions		
Fees payable converted to equity	**25,777**	311,218
Debt conversion	**90,220**	
Director fees forgiven	**-**	37,500
	$ 559,442	$ 511,908

Payables and accruals

Years ended December 31,		2016		2015
Director fees	**$**	**90,687**	$	50,687
Management and consulting fees		**91,122**		28,519
	$	**181,809**	$	79,206

Key management include the Chairman, the President/Chief Executive Officer, the Chief Financial Officer, and any Board Member earning more than $50,000 in consulting fees.

The following amounts, included in the numbers above, occurred prior to the Chairman taking office in January 2017 but relate to persons related to the Chairman; $120,000 in management and consulting fees for services normally associated with the position of Executive Chairman of a junior mining company to Park Place Limited and consulting services of $50,000 to 2516504 Ontario Inc., two companies controlled by the Chairman; $25,777 relating to fees advanced to the Company by the Chairman's spouse and converted to equity; and, as of December 31, 2016 there were management and consulting fees outstanding and payable to Park Place Limited of $56,500.

One director was engaged to work on specific projects for the Company in 2015 and 2016. His fees for 2016 amounted to $52,500 (2015 - $7,000). An administrator, who is the spouse of the President/CEO was temporarily engaged in 2016 and was paid $20,000 (2015 - $Nil).

Also during 2016, parties related to the Chairman and the President/CEO invested in the Company through private placements in common shares. In three separate placements, these related parties contributed $360,000 to the Company in exchange for 1,800,000 common shares and 500,000 subscriber warrants.

In October 2016, the Company converted $86,862 of deposits from investors into equity through two debt settlement agreements. The settlement amount was calculated using the prevailing fair value of the common stock as of the date of the agreements resulting in a commitment to issue 434,310 common shares of the Company. The issuance of the shares was not executed until December 23, 2016, at which time the market value of the common stock was trading higher at $0.70. As a result of the delay in issuing the shares, the Company has recorded the exchange at the fair value prevailing on the date of the share issuance, or $304,107. The resulting loss has been recorded through the statement of earnings/loss and increases the share capital of the Company by this same amount. Of this amount, $25,777 of the converted deposits were from the spouse of the current Chairman.

Northern Sphere and TrueClaim Exploration are considered related parties as the Company's President/ CEO was also a Director of the Board of TrueClaim Exploration (the parent company of TrueClaim Resources) in 2015. Refer to Mineral Properties (Note 11) for more details.

On November 9, 2015, the Company raised $709,408 in a private placement and issued 7,094,084 common shares. Of the amount raised, $311,218 was a debt conversion of amounts owing certain officers and directors of the Company in exchange for common shares. A further $37,750 due to one director was forgiven and was accounted for as an adjustment to Contributed Surplus in the Statement of Financial Position.

Stock options

Of the 625,000 common share purchase options issued on April 4, 2016, 250,000 were issued to members of its board and 50,000 were to the Chief Financial Officer. These options were valued at $42,552. No stock options were issued in 2015. Refer to Capital Stock (Note 9) for further details.

1.5 Recent Events

Related party contract

On January 4, 2017, the Company announced the appointment of Sheldon Inwentash as Executive Chairman of the Board of Directors. In conjunction with this announcement, the Company entered into a consulting agreement with Park Place Limited (the "Consulting Agreement") to provide the services ("Consulting Services") of a Key Person, who, unless otherwise agreed upon, the Key Person is Sheldon Inwentash. The Consulting Services will include those duties and responsibilities normally associated with the position of Executive Chairman of a junior mining company, subject to the Company's internal policies. Compensation for the Consulting services include an annual fee of $120,000 and eligibility for option grants as determined from time to time at the discretion of the Board of Directors of the Company.

Incentive Stock Options

On January 12, 2017, the Company issued 525,000 common share purchase options at a strike price of $0.60 and an expiry date of January 12, 2020 of which 425,000 were issued to members of its board, and the remaining 100,000 were issued to a consultant and an advisor. All options vest at the date of issuance.

Private Placement

In April 2017, the Company completed a non-brokered private placement through the issuance of 7,882,500 units ("Units") at a price of $0.40 per unit, with each unit consisting of one common share ("Common Share") and one common share purchase warrant ("Warrant") for aggregate gross proceeds of $3,153,000. Each Warrant will be exercisable to acquire on Common Share (a "Warrant Share") for a period of two years following the date of closing at an exercise price of $0.60 per Warrant Share. In connection with this transaction, the Company paid $36,780 in finders' fees, and will pay legal fees of amounts yet to be finalized.

Of the 7,882,500 Units issued in the April private placement, Eric Sprott, through 2176423 Ontario Ltd., a corporation which is beneficially owned by him, acquired 5,000,000 Units pursuant to the Private Placement. Prior to the Private Placement, Mr. Sprott did not own any securities of the Company. As a result of the Private Placement, Mr. Sprott is the beneficial owner of 5,000,000 Common Shares and 2,500,000 Warrants representing approximately 19.3% of the issued and outstanding common shares of the Company on a non-diluted basis and 26.5% on a partially diluted basis.

Flow-Through Private Placement

On April 11, 2017, the Company announced it has entered into an engagement letter with First Republic Capital Corporation (the "Lead Agent") pursuant to which the Lead Agent has agreed to act as lead agent for the offer and sale, on a "best efforts" private placement basis, of up to 2,000,000 flow-through common shares of the Company ("Flow-Through Shares") at a price of $0.50.

The gross proceeds of the Offering will be used to fund the exploration and development of the Company's mineral properties in Ontario, Canada. The gross proceeds received by the Company from the sale of the Flow-Through Shares will be used to incur "Canadian exploration expenses" that are "flow-through mining expenditures" (as such terms are defined in the Income Tax Act (Canada)) on the Company's properties in Ontario which will be renounced to the subscribers with an effective date no later than December 31, 2017, in the aggregate amount of not less than the total amount of the gross proceeds raised from the issue of Flow-Through Shares.

Appointment of new Chief Financial Officer

On April 28, 2017, the Company announced the appointment of Monique L. Delorme, CPA, CA as Chief Financial Officer. The appointment of Ms. Delorme follows the resignation of Robin Pilkey as Chief Financial Officer.

1.6 Results of Operations

For the years ended December 31, 2016 and 2015, the Company had no revenue.

Expenses incurred during the period consist of:

i) Management and director fees of $160,000 (2015 - $138,667) payable to the President and directors of the Company,
ii) Professional fees of $116,094 (2015 - $61,009) relating primarily to the CFO fees and standard annual legal and audit fees.
iii) Consulting fees of $340,000 (2015 - $23,600) relating to financial advisory services, a financial marketing consulting firm and consultants who reviewed certain mining opportunities.
iv) Share based compensation to various directors, officers and consultants of $131,200 (2015 - $ Nil);
v) Exploration and evaluation expenditures of $759,931 (2015 - $ Nil) relating primarily to the Arizona and the Scadding, Ontario properties;
vi) A loss on the conversion of debt of $216,971 in 2016 and a gain on the forgiveness and write-down of debt, net of HST of $325,937 in 2015. An additional gain of $37,750 in 2015 was recorded against contributed surplus as it related to a non-arm's length transaction.
vii) General and administrative of $50,371 (2015 - $60,962) representing investor, public company costs and office expenses; and
viii) Foreign exchange gain of $2,205 (2015 - loss of $8,826)

1.7 Summary of Quarterly Results

Total assets as at the end of December 31, 2016 were $883,690 (2015 - $1,797,445) and consisted of cash $586,999 (2015 - $Nil), prepaid expenses of $4,110 (2015 - $Nil), HST recoverable of $ 37,498 (2015 - $ Nil) and mineral properties of $255,083 (2015 - $1,797,445) which represent the value assigned the 2015 investment in a joint venture with TrueClaim Resources for exploration of rights relating to claims in Arizona; and the 2015 investment in a joint venture with TrueClaim Exploration Ltd. for exploration of rights relating to claims in Scadding, Ontario.

The Company has 12 claims registered in Nye County, Nevada that it does not have immediate plans to develop. Although the Company will continue to pay annual taxes on the land claims of approximately $2,500 and will continue to assess the opportunities for future development, management has determined the fairest presentation is to write down the asset value to $1. An impairment loss of $1,599,862 was taken to through the statement of comprehensive loss for the year.

Total current liabilities as at December 31, 2016 were $2,381,974 (2015 - $2,201,726) consisting primarily of trade payables of $430,674 (2015 - $228,052), and the Debenture payable of $1,901,300 (2015 - $1,901,300) to US Silver & Gold Inc. (formerly RX Exploration Inc.), for the purchase of 15 Sill Lake, Ontario unpatented mining claims representing 68 claim units, which was due on November 30, 2013. In addition, the liabilities at December 31, 2016 and 2015 include a demand promissory note for $50,000 relating to an anticipated transaction in 2013 that did not close. The note remains outstanding at December 31, 2016. The 2015 liabilities includes an amount due in relation to HST payable of $22,374.

In December, 2016, the Company completed a non-brokered private placement through the issuance of 5,245,000 units at a price of $0.20 per unit, with each unit consisting of one common share ("Common Share") and one common share purchase warrant ("Subscriber Warrant") for aggregate proceeds of $997,886 (net of finders' fees and legal costs). Each Subscriber Warrant will be exercisable to acquire one Common Share (a "Warrant Share") for a period of three years following the date of closing at an exercise

price of $0.25 per Warrant Share. The Subscriber Warrants will be subject to an acceleration clause such that, if the closing price of the Common Shares is equal to or greater than $1.00 per share for a period of 20 consecutive trading days, the Company shall have the option, but not the obligation, to effect for an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration. In connection with this transaction, 151,600 broker warrants ("Broker Warrants") were issued to acquire common shares, exercisable at $0.25 per warrant.

In October 2016, the Company converted $86,862 of deposits from investors into equity through two debt settlement agreements. The settlement amount was calculated using the prevailing fair value of the common stock as of the date of the agreements resulting in a commitment to issue 434,310 common shares of the Company. The issuance of the shares was not executed until December 23, 2016, at which time the market value of the common stock was trading higher at $0.70. As a result of the delay in issuing the shares, the Company has recorded the exchange at the fair value prevailing on the date of the share issuance, or $304,107. The resulting loss of $217,155 has been recorded through the statement of earnings/loss and increases the share capital of the Company by this same amount.

Lastly, during the quarter ended December 31, 2016, 300,000 stock options were issued (2015 – no options were issued). The fair value of the incentive stock options granted was estimated to be $46,400 on the date of grant using the Black-Scholes option pricing model. In determining the fair value of the options, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions used: expected term 3 years; expected volatility 100%; expected dividend yield 0%; risk free interest rate 0.80%; forfeiture rate 0%; exercise price $0.25.

In the quarter ended December 31, 2015, the Board approved the write-off and forgiveness of certain debts and accounts payable. The total amounts written off was $363,686 of which $108,081 relates to management and directors and $255,605 relates to suppliers. Further on November 9, 2015, the Board approved the conversion of certain debts and payables into common stock of the Company along with the private placement that was completed on November 9, 2015 as described below. In total $384,408 of debt and payables was converted into common stock at a rate of $0.10 (the rate offered by the private placement) of which $311,218 related to management and directors and $73,190 related to suppliers.

On November 9, 2015, the Company raised $709,408 in a private placement and issued 7,094,084 common shares. Included in the transaction was a debt conversion of $384,408 of debt and payables, a debt forgiveness of $47,050 and a cash injection of $325,000.

On November 30, 2015, the Company raised an additional $45,000 in a private placement and issued 450,000 common shares.

The Company has no sales and has never earned revenues with the exception of non-material interest revenue. Raising capital through sales of its common shares and loans from directors funds the Company's exploration operations.

Three months Ended December 31, 2016 and 2015

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

Expenses: Expenses for the three months ended December 31, 2016 were $2,119,431 (2015 - $98,988) The increase is primarily a result of a write down of mineral assets of $1,599,862; an increase in consulting fees to $242,000 in 2016 (2015 - $43,400); and an issuance of incentive stock options in 2016 of $84,800 (2015- $Nil). In addition to the expenses above, the Company recognized total valuation loss of $216,971 on debt conversion in 2016 versus a gain of $270,924 relating to a different debt conversion in 2015;

Net earnings (loss): The Company incurred net loss of $2,336,142 for the three months ended December 31, 2016 versus net income of $193,331 for the same period last year. While the loss in the final quarter of 2016 primarily relates to a write down of mineral assets of $1,599,862 and the Companies efforts to raise the Company profile with investors ($242,000 consulting costs), raise funds and return to exploration efforts

at the Arizona and Scadding properties, ($144,917 exploration expenditures), the net earnings in the final quarter of 2015 primarily relate to a non-recurring gain on forgiveness of debt.

Twelve months Ended December 31, 2016 and 2015

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

Expenses: Expenses for the twelve months ended December 31, 2016 were $3,153,047 (2015 - $293,064). The increase is primarily a result of a write down of mineral assets of $1,599,862; returning to the work of exploration and evaluation at the mine sites in 2016 with spending of $759,931 (2015 – $Nil); an increase in consulting fees to $340,000 in 2016 (2015 - $23,600); and an issuance of incentive stock options in 2016 of $131,200 (2015- $Nil). In addition to the expenses above, the Company recognized a valuation loss of $216,971 on debt conversion in 2016 versus a gain in 2015 of $325,937 relating to forgiveness and conversion of debt, and, a gain on foreign exchange in 2016 of $2,205 (2015 – loss of $8,826).

Net earnings (loss): The Company incurred net loss of $3,372,224 for the twelve months ended December 31, 2016 versus net income of $32,873 for the same period last year. While the loss in 2016 primarily relates to a write down of mineral assets of $1,599,862 and the Company's return to exploration and evaluation at the mine sites with spending of $759,931 (2015 – $Nil); further expenditure include efforts to raise funds and raise the Company profile with investors $340,000 consulting costs (2015 – $23,600); and while the Company recognized a valuation loss of $216,971 on debt conversion in 2016, in 2015 expenses were offset by a gain of $325,937 relating to debt forgiveness, write-off, and debt conversion in that year. Lastly, share based compensation valued at $131,200 was granted in 2016 (2015 - $Nil).

Summary of Quarterly Results to December 31, 2016

Description	Dec 31/16	Sept 30/16	June 30/16	Mar 31/16	Dec 31/15	Sep 30/15	Jun 30/15	Mar 31/15
	$	$	$	$	$	$	$	$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (Loss)	(2,336,142)	(349,868)	(491,115)	(195,098)	172,031	(132,138)	(1,142)	(5,878)
Weighted Ave. no shares - basic	14,379,698	14,379,698	12,356,950	10,333,544	7,370,501	2,335,614	2,335,614	2,335,614
- Basic Earnings per share (1)	(0.167)	(0.024)	(0.040)	(0.019)	0.026	(0.057)	(0.001)	(0.003)
Weighted Ave. no shares - diluted	15,127,198	15,127,198	13,104,451	10,333,544	6,496,944	2,335,614	2,335,614	2,335,614
- Diluted Earnings per share (1)	(0.17)	(0.023)	(0.038)	(0.019)	0.026	(0.057)	(0.001)	(0.003)

(1): After giving retroactive effect to the common share consolidation effective August 25, 2015

1.8 Liquidity

As at December 31, 2016, the Company had cash in the amount of $586,999 (2015 – bank indebtedness of $4,312) and current liabilities of $2,381,974 (2015 - $2,201,726). As at December 31, 2016, the Company has a working capital deficiency of $1,753,367 (2015 - $2,201,726). The primary reasons for the significant deficiency continues to be the recognition of the debenture of $1,901,300 in short term liabilities. Until such time as the Company begins to generate revenue, the Company will continue to face liquidity risk and will be dependent on raising capital to fund its activities.

1.9 Capital Resources

For its long-term business objectives, the Company will require funds for ongoing exploration work on its its JV with TrueClaim Resources for Arizona properties, its JV with TrueClaim Exploration for the Scadding,

Ontario properties, and in the longer term perhaps its Nye County, Nevada property. Further, the Company will require funds to acquire and develop any other mineral projects that it acquires, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over either the near or long term or none are presently contemplated other than as disclosed above and/or over normal operating requirements.

1.10 Off-Balance Sheet Arrangements

As of the date of this report, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.11 Proposed Transactions

There are no proposed or pending transactions as of December 31, 2016.

1.12 Critical Accounting Estimates and Judgements

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities, equity or earnings. Actual results could differ from those estimates.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to impairment assessments of mineral properties, estimating the fair value of the debenture payable and the calculation of share based payments. The most significant judgments relate to the use of the going concern assumption in the preparation of the financial statements, recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

1.13 Going Concern

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the Financial Statements.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, unregistered claims, and non-compliance with regulatory and environmental requirements.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, however, additional funding will be required by the Company to carry out the completion of its planned exploration activities. Management plans to secure the necessary financing through a combination of the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

There can be no assurance that the Company will be able to obtain adequate financing through these plans or otherwise in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

1.14 Changes in Accounting Policies including Initial Adoption

Basis of Preparation

The financial statements are presented in Canadian dollars.

The financial statements are prepared on the historical cost basis except historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has yet to evaluate the impact of the new standard.

Mineral Properties

Exploration and evaluation activities (IFRS 6)

All direct expenditures related to the acquisition continue to be capitalized, while exploration and evaluation costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property will be capitalized. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base. All initial acquisition costs relating to the properties are capitalized with regular impairment analysis conducted to assess the viability of each property

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-

production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Investments

Financial instruments at fair value through profit or loss ("FVTPL") are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the income statement. Where the Company has the positive intent and ability to hold reclamation bonds to maturity, they are stated at amortized cost less impairment losses.

Other financial instruments held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss. The fair value of financial instruments classified as FVTPL and available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as FVTPL or available-for-sale investments are recognized or derecognized by the Company on the date it commits to purchase or sell the investments respectively. Securities held-to-maturity are recognized or derecognized on the day they are transferred to or by the Company respectively.

Impairment losses for the different financial assets and liabilities are recognized as follows:

> *FVTPL:* An impairment loss on a financial asset or financial liability classified as held for trading is recognized in net income in the period in which it arises.
>
> *Available-for-sale financial assets:* When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.
>
> *Held-to-maturity securities:* The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). An impairment loss is recognized in net income and through the amortization process. Effective interest method: The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

The Company's financial instruments measured at fair value on the balance sheet consist of cash, reclamation bonds, accounts payable and accrued liabilities, restoration liabilities and promissory notes

payable. Cash is measured at level 1 of the fair value hierarchy. The Company does not have any financial instruments at level 2 or 3 of the fair value hierarchy. The three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Debenture payable and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Trade and Other Payables

Trade and other payables are stated at cost.

Share-based Compensation

Directors and officers of the Company will sometimes receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss

charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

Income / (Loss) Per Share

The basic income / (loss) per share is computed by dividing the net income / (loss) by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the year ended December 31, 2016 and 2015 all the outstanding stock options and warrants were anti-dilutive.

Balance Sheet

Assets and liabilities expected to be realized in, or intended for sale or consumption in, the entity's normal operating cycle, usually equal to 12 months, are recorded as current assets or liabilities.

Statement of Cash Flows

The Company prepares its statement of cash flows using the indirect method.

1.15 Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's: (a) capitalized or expensed exploration and development costs; (b) expensed research and development costs; (c) deferred development costs; (d) general and administrative expenses; and (e) any material costs, deferred or expenses, not already referred to in (a) through (d), is provided in the Company's Statement of Comprehensive Income (Loss) contained in its audited Financial Statements for the year ended December 31, 2016, which can be accessed on SEDAR under the Company's profile page at www.sedar.com.

Disclosure of Outstanding Share Data

The Company's authorized share capital consists of unlimited common shares without par value.

Issued and outstanding: December 31, 2016 – 20,059,008;
Issued and outstanding: April 28, 2017 – 27,961,506

Warrants outstanding: December 31, 2016 – 5,496,600
Warrants outstanding: April 28, 2017– 9,417,850

Options outstanding: December 31, 2016 – 947,500
Options outstanding: April 28, 2017– 1,375,000

Dividend Policy

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

Controls and Procedures

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with International Financial Reporting Standards. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Litigation

There is no litigation pending, nor does management have knowledge of any potential litigation.

Risks Associated with Exploration and Mining Operations

The exploration of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Corporation's mineral properties. Even if such commercial quantities are subsequently discovered by the Corporation's exploration efforts, there can be no assurance such properties can be brought in to commercial production. Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Corporation. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Corporation does not have control may be encountered and may adversely affect the Corporation's operations and financial results.

Environmental Risks

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation may not adversely affect the Corporation's operations.

Mineral Market

The market for minerals is subject to factors beyond the Corporation's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

Funding Requirements

In order to move forward with its exploration activities, the Corporation may require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

Reliance on Management

The Corporation anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Corporation could materially adversely affect the Corporation.

Auditors, Transfer Agent and Registrar

The auditors of the Corporation are Parker Simone LLP, Chartered Professional Accountants of Mississauga, Ontario. The Transfer Agent and Registrar for the Common Shares of the Corporation is Computershare of Vancouver, British Columbia