

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Oriental Non-ferrous Resources Development Inc. (the "Issuer").

Trading Symbol: URG

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

**The Company's unaudited condensed interim consolidated financial statements for the period ended March 31, 2017 are attached.**

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**See Note 9 to the Company's unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2017, a copy of which is attached.**

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

**On December 19, 2016, the Company closed a non-brokered private placement for 250,000 common shares of the Company at a price of \$0.80 per share for gross proceeds of \$200,000. The shares issued pursuant to the private placement are subject to a four (4) month hold period that expires on April 20, 2017. Proceeds raised from the sale of the shares will be used for claim maintenance fees, general property and geological review.**

(b) summary of options granted during the period,

**No options were granted during the three months ended March 31, 2017.**

**3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

**Unlimited common shares with no par value.**

(b) number and recorded value for shares issued and outstanding,

**Common shares issued and outstanding as at March 31, 2017: 77,604,167.**

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

**On June 13, 2016, the Company adopted a stock option plan (the "Plan") and granted its directors, officers and consultants stock options to purchase a total of 5,000,000 common shares of the Company in accordance with the Plan and subject to the policies of the Canadian Securities Exchange. The Options are vested upon grant with an exercise price of \$0.375 per share and expire on June 13, 2026. Share-based compensation of \$1,864,010 was recognized using the Black-Scholes Option Pricing Model.**

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**31,950,000 common shares are remained in escrow as at March 31, 2017.**

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name	Position
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Eugene Beukman	Chief Executive Officer, Chairman, and Director
Sheng Wang	Chief Financial Officer, Corporate Secretary, Director
Youliang Wang	Director
Paul Chung	Director

### **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

**The Company's Management Discussion & Analysis for the period ended March 31, 2017 is attached.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 30, 2017.

Eugene Beukman  
Name of Director or Senior Officer

"Eugene Beukman"  
Signature

Chief Executive Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer: Oriental Non-ferrous Resources Development Inc.		For Quarter Ended  March 31, 2017	Date of Report YY/MM/DD  17/05/30
Issuer Address: 5148 Williams Road			
City/Province/Postal Code Richmond, BC, V7E 1K1	Issuer Fax No. (604) 909-4701	Issuer Telephone No.	
Contact Name Sam Wang	Contact Position CFO	Contact Telephone No. (604) 773-1339	
Contact Email Address samwang@crif.ca	Web Site Address		

# **Oriental Non-ferrous Resources Development Inc.**

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED MARCH 31, 2017

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2017 and 2016 have been prepared by the management in accordance with International Financial Reporting Standards and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's independent auditors.

**Oriental Non-ferrous Resources Development Inc.**  
(An Exploration Stage Company)  
Condensed Interim Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	March 31, 2017	September 30, 2016
<b>Assets</b>	\$	\$
<b>Current Assets</b>		
Cash	211,368	172,348
Other receivable	5,479	357
Prepaid	40,000	-
Total Current Assets	256,847	172,705
<b>Non-current Assets</b>		
Exploration and evaluation assets (Note 7)	1,788,662	1,768,577
Total Assets	2,045,509	1,941,282
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	47,876	125,133
Due to shareholders (Note 9)	99,526	2,471
	147,402	127,604
<b>Shareholders' Equity</b>		
Share capital (Note 8)	891,665	691,665
Share reserve (Note 8)	2,400,342	2,400,342
Option reserve (Note 8)	1,864,010	1,864,010
Deficit	(3,259,862)	(3,144,927)
Currency translation reserve	1,952	2,588
	1,898,107	1,813,678
Total Liabilities and Shareholders' Equity	2,045,509	1,941,282

Nature of Operations (Note 1)

**Approved by:**

“Eugene Beukman”  
Director

“Sheng Wang”  
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



**Oriental Non-ferrous Resources Development Inc.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Expenses	\$	\$	\$	\$
Professional fees	32,824	126,068	40,824	200,574
Payroll expenses	30,276	26,587	51,877	53,379
Share-based payments	-	-	-	-
Listing expense	-	-	-	-
Office expenses	6,472	-	9,386	-
Regulatory Filing expenses	662	-	2,013	4,115
Travel and entertainment	5,246	9,988	7,004	15,170
Project expenses	(1)	24,297	135	27,588
Rent and utilities	3,501	10,374	3,501	12,896
Bank fees	100	341	195	578
Foreign exchange gain	-	-	-	(132)
	(79,080)	(197,655)	(114,935)	(314,168)
Loss from operations	(79,080)	(197,655)	(114,935)	(314,168)
Other Comprehensive Income				
Exchange gain (loss) on translation	(56.00)	(28,334)	(636)	(27,831)
Comprehensive loss for the period	(79,136)	(225,989)	(115,571)	(341,999)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding				
- basic and diluted	77,604,167	77,354,167	77,424,030	77,354,167

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**Oriental Non-ferrous Resources Development Inc.**  
(An Exploration Stage Company)  
Condensed Interim Consolidated Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

	Six Months Ended March 31,	
	2017	2016
	\$	\$
Cash provided by (used in):		
Operations:		
Net loss for the period	(114,935)	(314,168)
Change in non-cash working capital balances:		
Prepaid expenses	(40,000)	(199,623)
Amount due to related parties	96,449	181
Accounts payable and accrued liabilities	(77,235)	38,844
	(135,721)	(474,766)
Investing:		
Exploration and evaluation assets	(20,115)	(24,464)
Financing:		
Addition of share reserve	-	226,262
Proceeds received from private placement	200,000	-
	200,000	226,262
Effect of foreign exchange on cash and cash equivalents	(5,144)	(27,831)
Change in cash and cash equivalents	39,020	(300,799)
Cash and cash equivalents, beginning of period	172,348	699,948
Cash and cash equivalents, end of period	211,368	399,149
Supplemental Cash Flow Information		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**Oriental Non-ferrous Resources Development Inc.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Number of Shares	Share capital	Share reserve	Option reserve	Deficit	Currency translation reserve	Total
		\$	\$	\$	\$	\$	\$
Balance, September 30, 2015	77,354,167	691,665	2,400,342	-	(762,090)	14,742	2,344,659
Capital contribution from shareholders	-	-	226,262	-	-	-	226,262
Net loss for the period	-	-	-	-	(314,168)	-	(314,168)
Currency translation	-	-	-	-	-	(27,831)	(27,831)
Balance, March 31, 2016	77,354,167	691,665	2,626,604	-	(1,076,258)	-13,089	2,228,922
Balance, September 30, 2016	77,354,167	691,665	2,400,342	1,864,010	(3,144,927)	2,588	1,813,678
Net loss for the period	-	-	-	-	(114,935)	-	(114,935)
Share issued for cash	250,000	200,000	-	-	-	-	200,000
Currency translation	-	-	-	-	-	(636)	(636)
Balance, March 31, 2017	77,604,167	891,665	2,400,342	1,864,010	(3,259,862)	1,952	1,898,107

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## 1. NATURE OF OPERATIONS

Oriental Non-ferrous Resources Development Inc. (the “Company” or “Oriental”) was incorporated under the *Business Corporations Act* of British Columbia on August 20, 2015. The head and registered office of the Company is 5148 Williams Road, Richmond, British Columbia. The Company’s principal business activity is the acquisition, exploration and development of mineral properties.

On September 10, 2015, the Company acquired 100% of Genuine Success Global Limited (“GSG”), a company incorporated on May 20, 2014 under the laws of British Virgin Islands, by way of share exchange. Pursuant to the share exchange agreement between the Company, GSG and the shareholders of GSG, the Company issued 75,000,000 shares of the Company to the shareholders of GSG, which constitutes as a reverse acquisition transaction (note 4).

GSG owns 100% of Tunshan Xiangdong Co., Ltd. (“Tunshan”), a mineral exploration company incorporated on August 31, 2007 under the laws of Mongolia. The head and registered office of the Company is located at #9-78, Suite 22, 1st khoroo, Bayangol district, Ulaanbaatar city, Mongolia. Tunshan has acquired mineral exploration license with expiry date of July 31, 2017. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. Tunshan has also acquired mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

## 2. BASIS OF PREPARATION

### a) Statement of Compliance

The condensed interim consolidated financial statements of the Company for the three and six months ended March 31, 2017 are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

These unaudited condensed interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s audited annual financial statements and notes as at and for the year ended September 30, 2016.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30, 2017.

## 2. BASIS OF PREPARATION (continued)

### b) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries GSG and Tunshan. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All material inter-company transactions and balances have been eliminated for the purpose of these condensed interim consolidated financial statements.

### c) Going Concern

These condensed interim consolidated financial statements have been prepared by management on the basis of IFRS applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company is in the process of exploring its mineral property in Mongolia. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties and acquire additional mineral properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the condensed interim consolidated statements of loss and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

	<u>March 31, 2017</u>	<u>September 30, 2016</u>
Deficit	\$3,259,862	\$3,144,927
Working capital	\$103,966	\$45,101

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Significant accounting judgments and estimates**

The preparation of these condensed interim consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following judgments and estimates are those deemed by management to be material to the Company's condensed interim consolidated financial statements.

#### **Estimates**

(i) Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

(ii) Deferred tax liabilities and assets

Deferred tax liabilities and assets are measured at tax rates expected to apply in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

#### **Judgments**

(i) Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim consolidated financial statements for the period ended March 31, 2017. Management prepares the condensed interim consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Foreign Currency Translation**

The functional currency for the Company and GSG is Canadian dollars. The functional currency for Tunshan is Chinese Renminbi (“RMB”) as this is the principal currency of the economic environment in which Tunshan operates. The reporting currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of loss and comprehensive loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value is determined.

Assets and liabilities of entities with functional currencies are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. Gains or losses resulting from these translation adjustments are included in shareholders’ equity as currency translation reserve. On disposal of the foreign operation the cumulative translation differences recognized in equity are reclassified to statements of loss and comprehensive loss.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at March 31, 2017 and September 30, 2016, the cash and cash equivalents consist of cash only. As at March 31, 2017 cash and cash equivalents consist of \$185,196 cash deposited with a Canadian chartered bank and \$23,310 cash held in the trust account of the Company’s lawyer (September 30, 2016, cash and cash equivalents consist of \$149,038 bank deposit and \$23,310 cash held in a trust account). The Company’s lawyer maintains its trust accounts on deposit with a Canadian chartered bank.

#### **Financial Instruments**

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts payable, and due to shareholders. At initial recognition management has classified financial assets and liabilities as follows:

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **i) Financial assets**

The Company has determined its cash as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Financial instruments FVTPL are measured at fair value and changes therein are recognized in income.

#### **ii) Financial liabilities**

The Company has determined its accounts payable and due to shareholders as other financial liabilities and is initially recorded at fair value and subsequently measured at amortization costs by using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

### **Exploration and Evaluation Assets**

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property assets within property, plant, and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### **Exploration Tax Credits**

The Company accounts for mining tax credits on eligible exploration expenditures as a deduction from its mineral properties interests, on a property by property basis, and will be charged to operations on the same basis as the deferred acquisition and exploration and development expenditures. The exploration tax credits are recognized on a cash basis, whereby the amount will be recorded only when refund received from corresponding tax authority.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

#### Income Taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

##### Current tax

Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

##### Deferred tax liabilities:

- are generally recognized for all temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

##### Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Earnings (Loss) Per Share**

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

In accordance with IFRSs, the equity structure in the condensed interim consolidated financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

#### **Comprehensive Income (Loss)**

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which IFRS requires be recognizing in a period, but excluding from net income for that period.

#### **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### **Impairment of assets**

At the end of each reporting period, the Company assesses all cash generating units to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Decommissioning, restoration and similar liabilities (“Asset retirement obligation”)**

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by Management in the determination of closure provisions. The closure provisions are more uncertain into the future the closure activities are to be carried out.

The present value of decommissioning and site restoration provision is recorded as a long term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the statement of comprehensive loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the statement of operations and comprehensive loss.

The Company has no asset retirement obligations recognized as of March 31, 2017 and September 30, 2016.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Recently Adopted Accounting Pronouncements**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for fiscal periods beginning October 1, 2016 or later. The standards are described in the Company's annual consolidated financial statements for the year ended September 30, 2016 and are used in these condensed interim consolidated financial statements.

#### **New accounting pronouncements**

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures.

#### **IFRS 9 Financial Instruments (New)**

In July 2014, the IASB issued IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instruments: Disclosures. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018.

#### **IAS 7 Statement of Cash Flows**

In February 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply for annual periods beginning on or after January 1, 2017.

#### **IFRS 2 Share-based payment**

The IASB issued has published amendments to IFRS 2, Share-based Payment. The new requirements could affect the classification and/or measurement of cash settled share-based payments, classification of share-based payments settled net of tax advantage, and share-based payment from cash-settled to equity settled – and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on shareholder funding to finance all of its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

### **4. REVERSE ACQUISITION**

On September 10, 2015, the Company completed the acquisition of 100% of the issued and outstanding securities of GSG. Although the transaction resulted in GSG becoming a wholly-owned subsidiary of the Company, the transaction constitutes a reverse takeover of the Company as the control of the combined companies passed to the former shareholders of GSG. The transaction has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payment and IFRS 3 Business Combinations. As the Company did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by GSG (accounting acquirer) for the net monetary assets of the Company (accounting acquiree) followed by a recapitalization of GSG.

Since the share consideration to be allocated to the former shareholder of the Company on closing the transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is to be expensed in the consolidated statements of operations and comprehensive loss as listing expense.

#### 4. REVERSE ACQUISITION (continued)

Further to the reverse takeover transaction, the consolidated financial statements for the year ended September 30, 2015 reflect the assets, liabilities and results of operations of GSG, the legal subsidiary, and the Company.

In connection with the transaction, the Company completed a non-brokered private placement of 2,354,167 shares at a price of \$0.27 per share for total gross proceeds of \$635,625.

In connection with the acquisition, the Company issued 75,000,000 common shares to former GSG shareholders.

The assets acquired and liabilities assumed are at their fair values which are the same as their carrying amounts. The net assets of Oriental at fair value on September 10, 2015, are as follows:

	\$
<b>Identifiable Net Assets</b>	
Due from Tunshan	6,000
Accounts payable	(28,937)
<u>Fair value of net assets acquired</u>	<u>(22,937)</u>
<hr/>	
<b>Consideration Paid</b>	
Fair value of Oriental's 1 existing common shares deemed issued by GSG	1
Cancellation of 1 common share*	(1)
<hr/>	
<b>Costs Attributable to Obtaining a Listing Status</b>	
<u>Listing expense</u>	<u>22,937</u>

\*The common share was cancelled during the process of reverse takeover transaction.

#### 5. FINANCIAL INSTRUMENTS AND RISK FACTORS

##### Financial instruments recorded at fair value

The Company's financial assets consist of cash and cash equivalents. The estimated fair values of cash and cash equivalents approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements – Financial Instruments – Disclosures.

As at March 31, 2017 and September 30, 2016, the fair value of cash and cash equivalents were measured using Level 1 inputs.

## 5. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

### Financial instruments recorded at fair value (continued)

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair values of other financial instruments, which include accounts payable and due to shareholders approximate their carrying values due to the relatively short-term maturity of these instruments.

### Risk factors

The Company has exposure to liquidity risk, market risk, and credit risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### (a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash and cash equivalents are currently invested in savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had cash and cash equivalents of \$211,368 (September 30, 2016: \$172,348), against the total current liabilities of \$147,402 (September 30, 2016: \$127,604). The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

#### (b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## **5. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)**

### **Risk factors (continued)**

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rate through the interest earned on cash and cash equivalents; however, management does not believe this exposure is significant given cash amount is minimum.

ii. Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's daily operation is carried out in Mongolia and Canada and its functional currency is Canadian dollar and RMB, which gives rise to foreign currency translation risk from fluctuations and volatility of foreign exchange rate between the Mongolian Tugrik, Canadian dollar, and the RMB. To limit the impact of fluctuations of one foreign currency over another, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

(c) Credit risk

Credit risk is the potential risk of loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents. Management does not believe this exposure is significant given cash amount is minimum.

## **6. SEGMENT DISCLOSURE**

The Company operates in one reporting segment only, which is the acquisition, exploration and development of mineral properties. All of the Company's operations are located in Mongolia. As at March 31, 2017 and September 30, 2016, all of the Company's exploration and evaluation assets are situated in Mongolia.



## 7. MINERAL PROPERTY

### **Kharganii am-1 Molybdenum Property located in the Töv aimag in Mongolia**

Through Tunshan, the Company holds mineral exploration license with expiry date of July 31, 2017. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. The mineral exploration license fee until July 31, 2016 has been paid on time.

Through Tunshan, the Company has also holds mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

As at March 31, 2017 and September 30, 2016, the Company had capitalized the following expenditures:

Balance, September 30, 2014	\$1,411,978
Geological survey	78,960
Geophysical prospecting	138,180
Other geological work	59,220
Other	27,580
Effect of movements in exchange rates	20,478
Balance, September 30, 2015	1,736,396
Other geological work	33,195
Effect of movements in exchange rates	(1,014)
Balance, September 30, 2016	\$1,768,577
Other geological work	20,085
Balance, March 31, 2017	\$1,788,662

## 8. SHARE CAPITAL

### *Authorized Share Capital*

Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

In the year ended September 30, 2015, the Company completed a non-brokered private placement of 2,354,167 shares at a price of \$0.27 per share for total gross proceeds of \$635,625.

In connection with the acquisition of GSG, the Company issued 75,000,000 common shares to former GSG shareholders.

On December 19, 2016, the Company closed a non-brokered private placement for 250,000 common shares of the Company at a price of \$0.80 per share for gross proceeds of \$200,000. The shares issued pursuant to the private placement are subject to a four (4) month hold period that expires on April 20, 2017. Proceeds raised from the sale of the shares will be used for claim maintenance fees, general property and geological review.

As at March 31, 2017, the share capital and share reserve of the Company was \$891,665 and \$2,400,342, respectively (September 30, 2016: share capital and share reserve of \$691,665 and \$2,400,342, respectively).

### *Share Reserve*

Additional contribution made by shareholders to support the Company's daily operation is recorded as capital contribution over the authorized share capital and has been recognized as share reserve under shareholders' equity. For the period ended March 31, 2017, \$nil additional contribution was made by shareholders.

### *Escrowed Shares*

Pursuant to an escrow agreement, 53,250,000 shares are subject to the following escrow release schedule:

Release Date	Escrowed, beginning of period	Release	Escrowed, end of period
Mar.18, 2016	53,250,000	5,325,000	47,925,000
Sept. 18, 2016	47,925,000	7,987,500	39,937,500
Mar.18, 2017	39,937,500	7,987,500	31,950,000
Sept. 18, 2017	31,950,000	7,987,500	23,962,500
Mar.18, 2018	23,962,500	7,987,500	15,975,000
Sept. 18, 2018	15,975,000	7,987,500	7,987,500
Mar.18, 2019	7,987,500	7,987,500	-

## 8. SHARE CAPITAL (continued)

### *Stock Options*

The fair value of stock options is recognized as share-based compensation accounted for over the period of the options and the related credit is included in contributed surplus.

On June 13, 2016, the Company adopted a stock option plan (the “Plan”) and granted its directors, officers and consultants stock options to purchase a total of 5,000,000 common shares of the Company in accordance with the Plan and subject to the policies of the Canadian Securities Exchange. The Options are vested upon grant with an exercise price of \$0.375 per share and expire on June 13, 2026.

## 9. RELATED PARTY TRANSACTIONS

During the three and six months ended March 31, 2017 and 2016, the Company paid following management in the form of director and officer fees:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Directors’ fees and Officers’ salaries	27,685	27,225	46,485	50,288

As at March 31, 2017, the Company owed \$99,526 to a shareholder of the Company (September 30, 2016: \$2,471). This amount represented expenses paid by the shareholder on behalf of the Company.

All transactions with related parties have been in the normal course of operations and were measured at their exchange amounts established and agreed to by the related parties. Any amounts due to related parties were unsecured, non-interest bearing and have no specific repayment terms.

## 10. PROPOSED ACQUISITION

The Company has entered into an agreement with Maple Beauty Global Limited (“MBGL”) to acquire a mineral mining license to an iron and zinc mine known as the Khaldun iron-zinc mine located in Govi-Ugtaal, Middle Govi (Dundgovi) province, Mongolia. In connection with the acquisition of the Khaldun iron-zinc mine, the Company has entered into a three-cornered amalgamation agreement (the “Agreement”) dated February 7, 2017, with Genuine Success Global Limited (“GSGL”), a wholly-owned subsidiary of the Company, and MBGL, pursuant to which the Company will acquire the business and assets of MBGL, including the Khaldun iron-zinc mine. Under the terms of the Agreement, MBGL and GSGL will amalgamate (the “Amalgamation”) under the BVI Business Companies Act and continue as one corporation (“Amalco”) that is a wholly-owned subsidiary of the Company, which will carry on the business of MBGL following the Amalgamation.

Pursuant to the Agreement, each holder of MBGL shares will receive five hundred (500) common shares of the Company for each share of MBGL held for a deemed aggregate purchase price of \$20,000,000. Upon completion of the Amalgamation, it is expected that former MBGL shareholders will hold 25,000,000 common shares of the Company, at a deemed price of \$0.80 per share, representing 32.21% of the 77,604,167 issued and outstanding common shares of the Company. A “Resources Development and Utilization Plan for Khaldun Iron (Zinc) Mine, Govi-Ugtaal Sum, Middle Govi (Dundgovi) Province, Mongolia” has been prepared by Shandong Lianchuang Architectural Design Co., Ltd. on behalf of the Company. The Company has also engaged a qualified person to prepare a technical report in compliance with the standards set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects.

GSGL and MBGL are related parties by virtue of certain common shareholders, six of whom are not insiders of the Company and one of whom, ZhengXin Liu, is an insider of the Company by virtue of his indirect control of Long Harvest Ventures Limited, which holds 15,000,000 common shares of the Company, representing 19.33% of the issued and outstanding common shares of the Company. Mr. Liu owns 10,000 shares of MBGL and as a result of the amalgamation will receive 5,000,000 common shares of the Company representing 4.88% of the issued and outstanding common shares of the Company after the amalgamation (and together with the shares held by Long Harvest Ventures Limited, Mr. Liu will hold an aggregate of 20,000,000 common shares of the Company, representing 19.54% of the issued and outstanding common shares of the Company after the amalgamation).

Closing of the Amalgamation (“Closing”) is subject to certain conditions, including approval of the shareholders of the Company at a meeting of the shareholders to be held on June 6, 2017.

**FORM 51-102F1**  
**Management Discussion and Analysis**  
**Oriental Non-ferrous Resources Development Inc.**  
**For the three and six months ended March 31, 2017**

**Date: May 30, 2017**

**Overview**

The following Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Oriental Non-ferrous Resources Development Inc. ("ONRD" or the "Company") for the three and six months ended March 31, 2017. This MD&A has been prepared as of May 30, 2017 and includes information up to that date.

The following MD&A should be read in conjunction with the Company's audited consolidated financial statements of the Company for the year ended September 30, 2016 together with the accompanying notes that form part of the statements. The consolidated financial statements and the notes therein have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). All amounts are expressed in Canadian dollars unless otherwise stated. Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Forward-Looking Information**

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the "Risk Factors" section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and underlie the forward-looking statements as reasonable assumptions, any of which could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements.

Within this MD&A, the Company has specifically noted the forward-looking nature of comments where applicable. Generally, readers should be aware that forward-looking statements included or incorporated by reference in this document include statements with respect to:

- The Company's acquisition strategy, including the basis upon which the Company will evaluate acquisition criteria and the benefits associated with an acquisition.
- The Company's ability to carry out exploration programs.
- Expectations regarding the ability to raise capital to fund future working capital requirements.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in

the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on the Company's ability to obtain, on satisfactory terms, or at all, the capital required to maintain itself as a going concern;
- continued negative operating cash flows as the Company continues to expend substantial financial resources on exploration and evaluation activities on its Mongolian properties.
- the risks associated with the increase in operating costs from additional development costs and increased staff;
- the Company's ability to attract and retain key personnel and key collaborators; and
- the substantial risks involved in early-stage mining companies related to, among other things, exploration, development, and cost containment.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A. Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A. As required by applicable securities legislation, as a reporting issuer, it is the Company's policy to update forward-looking information in its periodic management discussions and analyses, as required from time to time, and provide updates on its activities to the public through the filing and dissemination of news releases and material change reports.

## **Description of Business and Overall Performance**

The Company is engaged in the business of acquisition and exploration of mineral resource properties.

The Company was incorporated under the Business Corporations Act of British Columbia on August 20, 2015. The head and registered office of the Company is 5148 Williams Road, Richmond, British Columbia.

On September 10, 2015, the Company acquired 100% of Genuine Success Global Limited ("GSG"), a company incorporated on May 20, 2014 under the laws of British Virgin Islands, by way of share exchange. Pursuant to the share exchange agreement between the Company, GSG and the shareholders of GSG, the Company issued 75,000,000 shares of the Company to the shareholders of GSG. Mr. Youliang Wang is also a major shareholder of GSG.

GSG owns 100% of Tunshan Xiangdong Co., Ltd. ("Tunshan"), a Mongolian mineral exploration company incorporated on August 31, 2007. Tunshan has acquired mineral exploration license with expiry date of July 31, 2017. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. Tunshan has also acquired mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

As a junior mineral exploration company, the Company's core assets are the exploration rights to its mineral properties. The Company's current objective is to seek out and acquire prospective mineral exploration properties in Mongolia with the view to exploring and developing the properties.

As at March 31, 2017 and September 30, 2016, the Company had no producing properties, and consequently no operating income or cash flows from operation. The Company has been dependent on shareholder funding to finance all of its activities and it is anticipated that it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements.

In the period ended March 31, 2017, the Company received \$200,000 proceeds from the issuance of 250,000 shares pursuant to a non-brokered private placement. . In the year ended September 30, 2016, the Company received \$nil from financing activities. The Company used \$76,234 in operating activities in the period ended March 31, 2017 (2016: \$142,840). The Company used \$135,721 in operating activities in the period ended March 31, 2017 (2016: \$474,766). The Company invested \$20,115 in mineral property exploration activities in the period ended De March 31, 2017 (2016: \$24,464).

In the opinion of management, all adjustments consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows, have been included.

As at March 31, 2017 and September 30, 2016, the Company had capitalized the following expenditures:

Balance, September 30, 2014	\$1,411,978
Geological survey	78,960
Geophysical prospecting	138,180
Other geological work	59,220
Other	27,580
Effect of movements in exchange rates	20,478
Balance, September 30, 2015	1,736,396
Other geological work	33,195
Effect of movements in exchange rates	(1,014)
Balance, September 30, 2016	\$1,768,577
Other geological work	20,085
Balance, March 31, 2017	\$1,788,662

## Selected Annual Information

In CAD\$	Years Ended September 30,		
	2016	2015	2014
Operating Expenses	\$2,382,837	\$199,582	\$232,914
Net Loss for the Year	\$(2,382,837)	\$(199,582)	\$(232,914)
- Basic and Diluted Loss Per Share	\$(0.03)	\$(0.00)	\$(0.00)
Total Assets	\$1,941,282	\$2,437,821	\$1,471,461

## Results of Operations

The Company incurred a net loss and comprehensive loss of \$79,080 and \$79,136 for the three months ended March 31, 2017, respectively (2016: net loss and comprehensive loss of \$197,655 and \$225,989, respectively).

The Company incurred a net loss and comprehensive loss of \$114,935 and \$115,571 for the six months ended March 31, 2017, respectively (2016: net loss and comprehensive loss of \$314,168 and \$341,999, respectively).

As at March 31, 2017, the Company's deficit was \$3,259,862 (September 30, 2016: \$3,144,927).

For the three and six months ended March 31, 2017, the Company incurred general and administrative expenses of \$79,080 and \$114,935, respectively (2016: \$197,655 and 314,168, respectively).

The following is the breakdown of the general and administrative expenses:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Expenses	\$	\$	\$	\$
Professional fees	32,824	126,068	40,824	200,574
Payroll expenses	30,276	26,587	51,877	53,379
Office expenses	6,472	-	9,386	-
Regulatory Filing expenses	662	-	2,013	4,115
Travel and entertainment	5,246	9,988	7,004	15,170
Project expenses	(1)	24,297	135	27,588
Rent and utilities	3,501	10,374	3,501	12,896
Bank fees	100	341	195	578
Foreign exchange gain	-	-	-	(132)
Total	79,080	197,655	114,935	314,168

As the Company had been seeking a listing on Canadian Securities Exchange (the "Exchange"), the Company incurred significant professional fees of in the three and six months ended March 31, 2016.



## Summary of Quarterly Results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

	For the quarters ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Net loss	\$79,080	\$35,855	\$45,906	\$2,022,763
Basic and diluted loss per share				
Weighted average number of common shares outstanding - basic and diluted	77,604,167	77,362,386	77,354,167	77,354,167

	For the quarters ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Net loss	\$197,655	\$116,513	\$93,769	\$75,579
Basic and diluted loss per share				
Weighted average number of common shares outstanding - basic and diluted	77,354,167	77,354,167	75,204,710	75,000,000

As the Company had been seeking a listing on the Exchange, the Company incurred additional expenses including professional fees in the quarters ended March 31, 2016, December 31, 2015, and September 30, 2015.

The significant loss incurred in the quarter ended June 30, 2016 was due to the recognition of share-based payment of \$1,864,010, which is the fair market value of options granted to directors and officers of the Company. The share-based payment is a one-time non-cash item.

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

### Liquidity

As at March 31, 2017, the Company had working capital of \$103,966 (September 30, 2016: \$44,744)

In the period ended March 31, 2017, the Company received \$200,000 proceeds from the issuance of 250,000 shares pursuant to a non-brokered private placement. . In the year ended September 30, 2016, the Company received \$nil from financing activities. The Company used \$135,721 in operating activities in the period ended March 31, 2017 (2016: \$474,766). The Company invested \$20,115 in mineral property exploration activities in the period ended De March 31, 2017 (2016: \$24,464).

Other than the mineral property claims, the Company does not currently hold an interest in any other business nor does it have an interest in any fixed assets, directly or indirectly. The

Company's activities have been funded through equity financing and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurance that the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

### **Financial Instruments**

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts payable, and due to shareholders. At initial recognition management has classified financial assets and liabilities as follows:

#### **i) Financial assets**

The Company has recognized its cash at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Financial instruments FVTPL are measured at fair value and changes therein are recognized in income.

#### **ii) Financial liabilities**

The Company has recognized its accounts payable and due to shareholders as other financial liabilities and is initially recorded at fair value and subsequently measured at amortization costs by using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

### **Financial instruments recorded at fair value**

The Company's financial assets consist of cash and cash equivalents. The estimated fair values of cash and cash equivalents approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements – Financial Instruments – Disclosures.

As at March 31, 2017 and September 30, 2016, the fair value of cash and cash equivalents were measured using Level 1 inputs.

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair values of other financial instruments, which include accounts payable and due to shareholders approximate their carrying values due to the relatively short-term maturity of these instruments.

### **Capital Resources**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

### **Related Party Transactions**

During the three and six months ended March 31, 2017 and 2016, the Company paid following management in the form of director and officer fees:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Directors' fees and Officers' salaries	27,685	27,225	46,485	50,288

As at March 31, 2017, the Company owed \$99,526 to a shareholder of the Company (September 30, 2016: \$2,471). This amount represented expenses paid by the shareholder on behalf of the Company.

All transactions with related parties have been in the normal course of operations and were measured at their exchange amounts established and agreed to by the related parties. Any amounts due to related parties were unsecured, non-interest bearing and have no specific repayment terms.

### **Commitments and Contractual Obligations**

The Company has no commitments and contractual obligations.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet agreements.

## **Recent Accounting Pronouncements**

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures.

### *IFRS 9 Financial Instruments (new)*

In July 2014, the IASB issued IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instruments: Disclosures. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018.

### *IAS 7 Statement of Cash Flows*

In February 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply for annual periods beginning on or after January 1, 2017.

### *IFRS 2 Share-based payment*

The IASB issued has published amendments to IFRS 2, Share-based Payment. The new requirements could affect the classification and/or measurement of cash settled share-based payments, classification of share-based payments settled net of tax advantage, and share-based payment from cash-settled to equity settled – and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018.

## **Other MD&A Requirements:**

### **Outstanding Share Data**

Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

On September 10, 2015, in connection with the acquisition of GSG, the Company issued 75,000,000 common shares to former GSG shareholders.

In the period ended September 30, 2015, the Company completed a non-brokered private placement of 2,354,167 shares at a price of \$0.27 per share for total gross proceeds of \$635,625.

On December 19, 2016, the Company closed a non-brokered private placement for 250,000 common shares of the Company at a price of \$0.80 per share for gross proceeds of \$200,000. The shares issued pursuant to the private placement are subject to a four (4) month hold period that expires on April 20, 2017. Proceeds raised from the sale of the shares will be used for claim maintenance fees, general property and geological review

As at March 31, 2017, the share capital and share reserve of the Company was \$891,665 and \$2,400,342, respectively (September 30, 2016: share capital and share reserve of \$691,665 and \$2,400,342, respectively).

As at the date of this MD&A and March 31, 2017, the Company had 77,604,167 common shares and 5,000,000 stock options outstanding and exercisable.

### **Proposed Acquisition**

The Company has entered into an agreement with Maple Beauty Global Limited (“MBGL”) to acquire a mineral mining license to an iron and zinc mine known as the Khaldun iron-zinc mine located in Govi-Ugtaal, Middle Govi (Dundgovi) province, Mongolia. In connection with the acquisition of the Khaldun iron-zinc mine, the Company has entered into a three-cornered amalgamation agreement (the “Agreement”) dated February 7, 2017, with Genuine Success Global Limited (“GSGL”), a wholly-owned subsidiary of the Company, and MBGL, pursuant to which the Company will acquire the business and assets of MBGL, including the Khaldun iron-zinc mine. Under the terms of the Agreement, MBGL and GSGL will amalgamate (the “Amalgamation”) under the BVI Business Companies Act and continue as one corporation (“Amalco”) that is a wholly-owned subsidiary of the Company, which will carry on the business of MBGL following the Amalgamation.

Pursuant to the Agreement, each holder of MBGL shares will receive five hundred (500) common shares of the Company for each share of MBGL held for a deemed aggregate purchase price of \$20,000,000. Upon completion of the Amalgamation, it is expected that former MBGL shareholders will hold 25,000,000 common shares of the Company, at a deemed price of \$0.80 per share, representing 32.21% of the 77,604,167 issued and outstanding common shares of the Company. A “Resources Development and Utilization Plan for Khaldun Iron (Zinc) Mine, Govi-Ugtaal Sum, Middle Govi (Dundgovi) Province, Mongolia” has been prepared by Shandong Lianchuang Architectural Design Co., Ltd. on behalf of the Company. The Company has also engaged a qualified person to prepare a technical report in compliance with the standards set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects.

GSGL and MBGL are related parties by virtue of certain common shareholders, six of whom are not insiders of the Company and one of whom, ZhengXin Liu, is an insider of the Company by virtue of his indirect control of Long Harvest Ventures Limited, which holds 15,000,000 common shares of the Company, representing 19.33% of the issued and outstanding common shares of the Company. Mr. Liu owns 10,000 shares of MBGL and as a result of the amalgamation will receive 5,000,000 common shares of the Company representing 4.88% of the issued and outstanding common shares of the Company after the amalgamation (and together with the shares held by Long Harvest Ventures Limited, Mr. Liu will hold an aggregate of 20,000,000 common shares of the Company, representing 19.54% of the issued and outstanding common shares of the Company after the amalgamation).

Closing of the Amalgamation (“Closing”) is subject to certain conditions, including approval of the shareholders of the Company at a meeting of the shareholders to be held on June 6, 2017.

### **Control and Procedures**

Venture issuers are not required to establish or maintain disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR). The Company is not required to certify the design and evaluation of its DC&P and ICFR and has not completed such an evaluation. The inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

As indicative of many small companies, the lack of segregation of duties and effective risk assessment were areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company’s financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

### **Risks and Uncertainties**

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of 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 financial statements and the reported amounts revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in an exploration and evaluation property that produces revenues. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company’s accompanying financial statements do not give effect to any

adjustments which would be necessary should the Company be unable to continue a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

### **Outlook**

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing exploration activities on its mineral property and financing new business ventures in the mineral resource industry.

### **Approval**

The board of directors of the Company has approved the disclosure contained in this MD&A.

### **Additional Information**

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).