

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended February 29, 2016

*This Management Discussion and Analysis (“MD&A”) of Atlas Cloud Enterprises Inc. (the “Company”) provides analysis of the Company’s financial results for the three and nine month period ended February 29, 2016 and should be read in conjunction with the accompanying unaudited consolidated financial statements and notes thereto for the nine months ended February 29, 2016, and the audited financial statements and notes thereto for the year ended May 31, 2015 which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The February 29, 2016 financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian dollars, unless otherwise stated. This MD&A is current as at April 12, 2016, the date of preparation.*

### Forward-Looking Statements

*Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.*

### NATURE OF BUSINESS

The Company was incorporated under the *Business Corporations Act* (Alberta) on January 21, 2010.

On July 23, 2014, the Company completed an asset acquisition through the purchase of all of the issued and outstanding shares of Atlas Cloud Enterprises (2013) Ltd. (“Atlas”), a private British Columbia corporation, and the shareholders of Atlas. The Company’s primary business is now the provision of co-location and back-up/redundancy IT and telecom equipment, and Cloud computing, to small and medium businesses in Western Canada.

The Company was previously listed on the Canadian Stock Exchange (“CSE”) as a junior resource exploration company under the symbol “SYP”. Upon completion of the transaction on July 23, 2014, the Company changed its name from Sypher Resources Ltd. (“Sypher”) to Atlas Cloud Enterprises Inc. and its common shares are now traded under the symbol “AKE”.

In December 2014, the Company acquired the assets of The Cranium (“Cranium”), an entity providing a co-working office for technology growth companies. In consideration of the acquisition of Cranium, the Company issued 200,000 common shares from its treasury at a price of \$0.13 per common share.

At February 29, 2016, the Company had not yet achieved profitable operations, had incurred a loss and deficit of \$1,412,769 and may incur more losses in the development of its business. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

### Company Overview

The Company entered into a Share Exchange Agreement (the “SEA”) on March 18, 2014 with Atlas Cloud Enterprises (2013) Ltd., a private British Columbia corporation, and the shareholders of Atlas, whereby the Company acquired 100% of the issued and outstanding shares of Atlas in exchange for 5,000,000 common shares (the “Payment Shares”) of the Company (the “Transaction”). The Transaction and subsequent change of control represents a “fundamental change” for the Company under CSE Policy 8.

On July 23, 2014, the Company completed the Transaction, the value of which was based upon the value of the shares issued by the Company. Atlas is now a wholly-owned subsidiary of the Company. The Company has capitalized \$743,673 as an intangible asset, which will be amortized on a straight-line basis over a period of three years.

Consideration: 5,000,000 common shares issued at \$0.15 per share	\$750,000
Assets acquired:	<u>(6,327)</u>
<u>Intangible asset</u>	<u>\$743,673</u>

In conjunction with the closing of the Transaction, the Company completed a private placement, raising \$622,575 through the sale of 4,150,500 common share units (“Units”) at \$0.15 per unit. Each Unit consists of one common share and one-half of one share purchase warrant (exercisable at \$0.25 until July 4, 2016; provided that if the Company’s shares trade at \$0.40 or more for 10 consecutive trading days at any time following November 5, 2014, the Company may reduce the time to exercise the warrants to not less than 30 days). The Company paid finders’ fee of \$41,858 and issued 387,950 finder’s warrants.

Upon completion of the Transaction, the Company changed its name to Atlas Cloud Enterprises Inc. and its common shares are traded under the symbol “AKE”. The Company is involved in the development of technology. Its primary business is providing co-location and back-up/redundancy IT and telecom equipment, and Cloud computing, to small and medium businesses in Western Canada.

### **Caution Regarding Forward-Looking Information**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward looking statements”) within the meaning of applicable Canadian securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statement of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s plans to grow sales and offer new products;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company’s future cash requirements; and
- the timing, pricing, completion, regulatory approval of proposed financings if applicable.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the Company has moved from a private corporation operating with very limited capital and therefore with very restricted operations, to a publicly traded venture issuer. Accordingly, drawing trends from the Company’s very limited operating history is difficult.

## **OVERALL PERFORMANCE**

### **Co-location Services**

The Company completed an asset acquisition on July 23, 2014 acquiring 100% of the shares of Atlas Cloud Enterprises (2013) Ltd. The Company, formerly a junior resource exploration company, is now in the business of providing co-location and back-up/redundancy IT and telecom equipment, and Cloud computing, to small and medium businesses in Western Canada.

There is a growing trend in the computing and information storage sectors towards cloud computing. Many businesses and non-profit organizations are moving away from the capital investment required to set up a network computer system and the on-going operating costs of maintaining a computer system, and are opting instead to use and pay only for the equipment and storage that they need, via the Internet, which is the essence of cloud computing. There is also a growing trend of businesses using off-site backup of their computer files, known as co-location. Co-location operates on the basis of having a second set of files or information stored on another computer at another location, which can be

accessed if the business's primary computers fail. The Company plans to capitalize upon both of these trends by offering both cloud computing services and co-location services.

To ensure security of its services, it invested in upgraded power supply, backup power supplies through batteries and generators, reinforced premises in case of earthquakes, emergency plans in case of floods or other natural disasters, and high-speed fibre optic access.

The installation of the majority of the equipment to offer co-location services, including the first pod of 20 revenue generating racks, was completed by the end of August 2015. With the addition of its first client in September 2015, the Company is now generating co-location services revenue.

However, the power upgrade has been completed in March 2016 and improvements to offer co-location services coupled with redundant back-up power are now being completed. The Company can now offer redundant power for the first pod of racks but will also has sufficient power to add approximately 50 racks as demand grows and its client base is expanded.

### Co-working Office business segment added

In early December 2014, the Company executed an agreement to acquire the assets of The Cranium ("Cranium"), an entity providing a co-working office for technology growth companies.

Cranium provides committed space to startup technology companies, providing desks, chairs, high-speed internet, meeting rooms, relevant workshops and other office infrastructure required by such companies to grow and compete in the technology sector. The Company is continuing to run and expand Cranium's clientele base.

## RESULTS OF OPERATIONS

### Selected Annual Information

<b>Statement of Comprehensive Loss</b>	<b>Year Ended May 31, 2015</b>	<b>Year Ended May 31, 2014</b>	<b>Year Ended May 31, 2013</b>
Co-working space rental income	\$38,617	\$nil	\$nil
Property operating expenses	\$(45,154)	\$nil	\$nil
Administration and office expenses	\$591,760	\$103,599	\$90,468
Interest Income	\$(243)	\$(1,579)	\$(2,071)
Net mineral property expenditures (recoveries)	\$nil	\$228	\$10,559
Net loss and comprehensive loss	\$591,517	\$102,248	\$98,956
Net loss per common share outstanding - basic and diluted	\$0.05	\$0.01	\$0.01
Weighted average number of common shares outstanding	12,154,905	7,225,000	7,148,562

<b>Statement of Financial Position</b>	<b>May 31, 2015</b>	<b>May 31, 2014</b>	<b>May 31, 2013</b>
Total Assets	\$1,128,819	\$170,448	\$253,510
Current Liabilities	\$80,674	\$34,358	\$15,172
Shareholders' Equity	\$1,048,145	\$136,090	\$238,338

### Summary of Quarterly Results

Selected financial information for each of the eight most recently completed quarters are as follows.

*Note: the periods prior to the closing date of the Transaction on July 23, 2014 are not comparable, as the Company acquired its current business effective as of the Transaction date.*

#### Three Months Ended February 29, 2016

The Company recorded revenues of \$46,571 (2015 - \$15,696), with \$10,705 attributable to co-location services and \$35,866 from co-working space rentals. Co-location services revenues commenced in September with the addition of the Company's first client. Property operating expenses of \$19,298 (2015 - \$Nil) were recorded, resulting in a gross profit of \$27,246.

The Company recorded a net loss of \$114,520 for the three month period ended February 29, 2016, as compared to a net loss of \$119,966 for the same period in the prior fiscal year. The net loss for the current period reflects an overall increase in business activities and is comprised in large part of the amortization of intangible assets, equipment and leasehold improvements totaling \$63,054 (2015 - \$78,514).

Office facilities and administrative services decreased by \$1,702 (2015 - \$21,000) to \$19,298 Office and sundry costs expenses decreased to \$10,932, as compared to costs of \$20,445 incurred in the same period of the prior fiscal year as a result of concentration of effort on completing the co location equipment and facilities.

Professional fees incurred during the period totaled \$39,282 (2015 - \$62,505) and was comprised of legal fees, audit fees and accruals and accounting services.

#### Nine Months Ended February 29, 2016

The Company recorded revenues of \$114,992 (2015 - \$15,696), with \$22,462 attributable to co-location services and \$92,530 from co-working space rentals. Property operating expenses of \$56,494 (2015 - \$Nil) were recorded, resulting in a gross profit of \$58,498.

The Company recorded a net loss of \$359,544 for the nine month period ended February 29, 2016, as compared to a net loss of \$514,666 for the same period in the prior fiscal year. The net loss for the current period reflects an overall increase in business activities and is comprised in large part of the amortization of intangible assets, equipment and leasehold improvements totaling \$192,540 (2015 - \$171,324).

Office facilities and administrative services decreased slightly by \$546 (2015 - \$61,000) to \$60,454. Office and sundry costs expenses rose to \$45,548, as compared to costs of \$26,044 incurred in the same period of the prior fiscal year.

Professional fees incurred during the period totaled \$62,505 (2015 - \$99,830). During the prior year, the Company paid additional costs pertaining to the Transaction.

Transfer agent, listing and filing fees of \$10,513 (2015 - \$19,438) were considerably lower than those incurred during the same period in the prior fiscal year, which included activities pertaining to the completion of the Transaction.

During the period, the Company received short-term loan advances of \$200,000, and in respect of the loans accrued interest payable of \$5,365 and issued 333,333 bonus shares valued at \$40,000 to lenders.

## LIQUIDITY AND CAPITAL RESOURCES

At February 29, 2016, the Company's working capital deficit was \$276,743 (May 31, 2015 \$28,571). Cash held as at February 29, 2016 was \$38,191, compared with \$13,515 at May 31, 2015.

During the nine months ended February 29, 2016, the Company experienced cash outflows of \$54,247 (2015 – \$284,096) from operating activities. Investing activities used cash of \$120,667 (2015 – \$442,911), including \$96,976 (2015 – \$442,911) paid for equipment. Financing activities provided cash of \$199,520 (2015 – \$580,717). Overall, cash increased by \$24,676, as compared to a decrease of 146,047 during the same period of the prior fiscal year.

On October 26, 2015, the Company announced that it has arranged aggregate loans in the amount of CAD\$200,000. The loans are for a period of one year from the date of advance, and bear interest at 10% per annum. Three directors of the Company provided an aggregate 25% of the loan amount. Bonus shares payable to the lenders, equivalent to 20% of the aggregate loan amount, were issued at a price of \$0.12 per common share for a value of \$40,000, which was recorded as finance costs.

Proceeds from the bridge loan was used to complete the power upgrade, to complete the addition of redundant power required of a facility operating at a "Tier 2 data centre" level and for general working capital purposes. With the upgraded power and a fully completed data centre, Management believes it will be able to generate greater co-location revenues, building towards positive operating cash flow.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company's continued operations are dependent on its ability to generate future cash flows or obtain additional financing. Presently, the Company does not have sufficient working capital to meet its anticipated ongoing financial obligations and administrative costs.

In September 2015, the Company began to generate revenue from its first pod of racks. Management expects to add further customers in the coming months, particularly once the required power upgrade is complete and redundant back-up power is available. During the first three quarters of fiscal 2016, the Company recorded co-location services income of \$22,462.

Co-working space rental income was \$92,530, offset by property operating expenses of \$56,494, realizing a gross margin of \$36,036 from its Cranium operations. Management is highly encouraged by the growth of Cranium in recent months, continuing to build out this secondary revenue stream.

## RISKS AND UNCERTAINTIES

Subsequent to July 23, 2014, the date of completion of the Transaction with Atlas, the Company's principal activity is the provision of data hosting services. Atlas is a start-up company and, in addition to facing all of the competitive risks in the data hosting sector, will face all the risks inherent in starting up a business and offering a service for the first time including: access to capital, ability to attract and retain qualified employees, ability to attract initial and ongoing customers and the ability to put in place appropriate operating and control procedures.

Industry specific risks include, but are not limited to:

- *Competitive risk* – larger competitors such as Telus and Bell are market leaders in the data hosting space. A number of smaller local organizations also compete with the small independent providers such as Atlas Cloud. Additionally, unforeseen competition could have a significant adverse effect on the growth potential of the Company;
- *Technology risk* – the Company has just completed the build-out of a modern data centre based on mainstream power and cooling technologies. The mechanical components have an estimated lifespan of 10 years; however, technological changes and hardware innovations may result in a paradigm shift away from this more traditional business model of refrigerated cooling and lead acid batteries connected to a diesel back-up generator. This could result in a change in the Company's business model, requiring reinvestment in new technology earlier than anticipated.

- *Environment risk:* earthquakes, flooding, ice storms, gas leaks and other natural and man-made disasters are all factors that may impede the Company's business. While these factors have all been considered in the Company's planning process, they may still have adverse material consequences to the Company and its business.
- *Start-up business risk:* the Company is a relatively new company having only operated since August 15, 2013, since which time it has been in the development stage. The Company is still rolling out its business and recruiting initial clients and it is therefore uncertain whether the Company can get to the stage of being a stable operating business with its existing financial resources. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objectives.
- *Cloud Computing risks:* this includes
  - (i) business continuance - as the Company's business is dependent on internet access, the loss of internet connectivity would have serious adverse effects.
  - (ii) data security - risk of data breach, the interception and capture of data, is mitigated by the Company's use of redundant firewalls, gateway antivirus and third party security providers; however, there is no guarantee against security breaches from unknown or internal causes. Failure to properly address such security breaches could adversely affect the Company's business.
  - (iii) regulatory complications – the Cloud industry is self-regulating, but certain customers must adhere to privacy laws, Patriot Act and acceptable internet use policy. Future privacy and security legislation, or change to existing regulation, may potentially impact the Company financially and operationally.

## RELATED PARTY TRANSACTIONS

During the nine month period ended February 29, 2016, the Company paid or accrued \$54,000 (2015 - \$54,000) to a director for office facilities and administrative services. Consulting fees of \$Nil (2015 - \$5,000) were paid to a company related by virtue of two officers in common. Professional fees of \$1,850 (2015 - \$Nil) were paid to a company controlled by the Chief Financial Officer. In addition, the Company fully repaid shareholder loans of \$10,000 (2015 - \$Nil) to an officer and director of the Company. These loans were unsecured, non-interest bearing and had no specific terms of repayment.

### *Key management compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors members.

During the period ended February 29, 2016 the Company paid or accrued \$54,000 (2015 - \$54,000) for administrative services provided by its Chief Executive Officer, Frederick Stearman. As at February 29, 2016, an amount of \$36,000 (May 31, 2015 - \$48,000) was owing to Frederick Stearman.

## CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. It manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the start-up and development of its primary business, the provision of co-location and back-up/redundancy IT and telecom equipment, and Cloud computing, to small and medium businesses in Western Canada. 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 has been dependent upon external financings to fund activities; however, it has begun to generate revenue from its co-location operations during the current fiscal year and has been actively expanding its co-working space rental operations. Until such time as it is generating sufficient positive cash flow to carry out planned expenditures and pay for administrative costs, the Company will spend its existing working capital and may seek to raise additional funds as needed.

On October 26, the Company announced that it had arranged a short-term loan in the amount of \$200,000. As at February 29, 2016, the Company had received short-term loan advances of \$200,000 and accrued interest payable of \$5,365. A total of 333,333 bonus shares valued \$40,000 were issued to the lenders. Further financing, in the form of debt or equity or a combination thereof, may be required.

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

The Company's capital management objectives, policies and processes have not been changed during the most recently completed fiscal year.

The Company is not subject to any externally imposed capital requirements.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at February 29, 2016, the Company's financial instruments are comprised of cash, amounts receivable, accounts payable and accrued liabilities and short-term loans payable. The fair value of amounts receivable, accounts payable and accrued liabilities and short-term loans payable approximate their carrying value due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at February 29, 2016, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy.

The Company's risk exposures and the impact of the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and amounts receivable. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper. The Company's amounts receivable consist of sales tax refundable from the government.



### *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 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. These sources are currently insufficient to cover the short-term cash requirements and, as a result further funding may be required to meet both short-term and long-term needs. However, after several months of significant cash outflows related to construction of its co-location hosting facilities, the Company has now commenced generating revenue. With the exception of the short-term loans which have a term of one year and bear interest at 10% per annum, all of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

As at February 29, 2016, the Company had a cash balance of \$38,191 to settle current liabilities of \$339,100.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### *i. Interest rate risk*

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

#### *ii. Foreign currency risk*

Foreign currency risk arises from fluctuation in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

#### *iii. Equity price risk*

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as of February 29, 2016 and as at the date of this MD&A.

## **USE OF ESTIMATES**

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 of its unaudited consolidated financial statements for the six months ended February 29, 2016.

## **FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS**

### **Accounting standards not yet effective**

*IFRS 15, Revenue from Contracts with Customers*



IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017.

In May 2015, IASB proposed to defer the effective date to January 1, 2018.

#### *IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standards; however, enhanced disclosure requirements are expected.

#### **OUTSTANDING SHARE DATA AS AT APRIL 12, 2016:**

(a) Authorized and issued share capital:

<b>Class</b>	<b>Par Value</b>	<b>Authorized</b>	<b>Issued Number</b>
Common	No par value	Unlimited	16,908,833

(b) Summary of options outstanding:

<b>Security</b>	<b>Number</b>	<b>Number Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	<b>Security</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	Warrants	2,075,250	\$0.25	July 4, 2016
	Finders Warrants	387,950	0.25	July 4, 2016
		2,463,200		
Options	1,100,000	1,100,000	\$0.25	September 5, 2024

Summary of warrants outstanding:

(c) Summary of escrowed shares: 3,000,000 common shares

#### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Management is responsible for the design and operating effectiveness 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 accounting principles generally accepted in Canada. 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 are appropriately designed and were operating effectively as at February 29, 2016.

**DISCLOSURE CONTROLS**

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company's disclosure controls and procedures as of February 29, 2016 and have concluded that these controls and procedures are effective.

**OTHER INFORMATION**

For additional disclosures concerning the Company's general and administrative expenses, please refer to the unaudited consolidated financial statements for the nine month period ended February 29, 2016, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).