

# **GeoNovus Media Corp. (formerly GeoNovus Minerals Corp.)**

## **Management's Discussion and Analysis**

**For The Three Months Ended November 30, 2015**

**January 27, 2016**

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended November 30, 2015 and 2014 and the audited consolidated financial statements for the years ended August 31, 2015 and 2014. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for GeoNovus Media Corp. (formerly GeoNovus Minerals Corp.) ("GNM", "GeoNovus" or the "Company") can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's website can be found at [www.geonovusminerals.com](http://www.geonovusminerals.com).

### **Head Office**

Suite 1220, 789 West Pender Street  
Vancouver, BC, V6C 1H2  
Phone: (604) 683-3995  
Fax: (604) 683-3988

### **Overview and Change of Business**

GeoNovus Media Corp. (formerly GeoNovus Minerals Corp.) was incorporated on October 11, 2011 under the laws of the Business Corporation Act (BC, Canada).

During April 2015, the Company received approval from the Canadian Securities Exchange for its Fundamental Change of business, which has also been overwhelmingly approved by the shareholders of the corporation by way of a shareholder consent resolution, and closed the acquisition of the assets of Canadian music publisher Greenstock Publishing Ltd. ("Greenstock").

The Fundamental Change changed the Company's primary focus from resource exploration to the Media and Entertainment Industry. The Company has identified opportunities throughout North America and feels it is poised to capitalize on these opportunities very quickly.

In connection with the business change, effective April 15th, 2015, the Company has effected a name change to GeoNovus Media Corp. The symbol "GNM" remains unchanged.

During the year ended August 31, 2015, the Company consolidated its share capital, options and warrants on a ten to one basis. The financial statements and share capital information contained herein reflects the share consolidation retroactively.

The Company has filed a new listing statement on the CSE website that provides detailed disclosure of the Company's new business and related risk factors.

### **Forward-Looking Statements**

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about future production and recovery; (ii) that there is no unanticipated fluctuation in foreign exchange rates; and (iii) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information.

Such risks, uncertainties and other factors include among other things the following: (i) the risk that the Company will continue to have negative operating cash flow; (ii) the risk that additional financing will not be obtained as and when required; (iii) material increases in operating costs; and (iv) adverse fluctuations in foreign exchange rates.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## **Overall Performance**

For the three months ended November 30, 2015, the Company had a net loss of \$211,650 compared with a net loss of \$482,418 for the prior year. While the Company did incur decreases in consulting fees, professional fees, shareholder communications and promotion, and office, rent, and miscellaneous, other expense categories increased, including, interest expense, realized loss on marketable securities, and unrealized loss on marketable securities

## **Directors**

### Tim Marlowe

Mr. Marlowe has worked on over 40 motion pictures, nine of which he produced, and in 2014 was the executive producer for "The Lady in Number 6" which won him an Academy Award. Mr. Marlowe has worked with many A-list actors such as Martin Sheen and Steven Seagal, and in the past 18 months he has worked with Vinnie Jones (Gone in 60 Seconds), Vern Troyer (Austin Powers-Mini Me), Jesse Bradford (Swimfan), Mena Suvari (American Beauty and American Pie), Lochlyn Munroe (Night at the Roxbury and Unforgiven), Hailey Duff (Napoleon Dynamite) and Natasha Henstridge (Species).

In 2015 Mr. Marlowe is slated to work with Jennifer Garner (Dallas Buyers Club), director D.J. Caruso (Disturbia, I Am Number 4 and Eagle Eye) as well as Jean Claude Van Damme (Time Cop). Mr. Marlowe brings years of expertise in moviemaking magic and a significant Hollywood Rolodex to the GeoNovus team.

### Joe Wowk

Joe is also the CEO of Greenstock Records

Joe Wowk brings 30 years of music industry experience to the GeoNovus team and his affiliation with Greenstock Records brings a solid asset to the Company. To his credits, Joe has performed in over 5,000 live shows to date with artists such as Sweeney Todd, Prism, Toronto, Chrissy Steele, and Darby Mills. In addition, Mr. Wowk has toured with stadium acts such as Bryan Adams, Jethro Tull, Kim Mitchell, Trooper, and many more.

Joe holds artist endorsements with Radial Engineering, Tonebone Guitar Pedals, Primacoustics and Millennia Preamps. Mr. Wowk has won “The Best in the West” guitar contest two years in a row, and is an experienced, award winning recording artist operating “Stonefinger Studios” out of Greater Vancouver.

#### Colin Wiebe

On November 26, 2015, the Company announced that it has appointed Colin Wiebe as its interim Chief Executive Officer. Mr. Wiebe is also a Director and President of the Company.

On April 14, 2015, the Company announced that it has appointed Colin Wiebe to its Board of Directors.

On April 27, 2015, the Company announced that it has appointed Colin Wiebe as the Company's President.

Mr. Wiebe has over 25 years' experience as a Creative Director and marketing professional. Colin began as a graphic artist and illustrator for the Vancouver Sun and The Province newspapers. He quickly became the Creative Director of advertising for both papers working on projects such as the Vancouver Sun Run, The Province Golf Classic, The Molson Indy plus continuous promotions for the BC Lions and the Vancouver Canucks and many more. He worked with the Pacific Press team, which pioneered the digital advertising methods adopted by many major daily newspapers around the world. Colin founded Fastcreative.com, the world's first virtual marketing department, and has worked with a variety of clients ranging from pro audio, insurance, digital online advertising, banks, entertainment, public companies, non-profits and many others. Colin is an experienced copywriter, designer and direct marketing specialist and brings his unique knowledge of web development, lead generation and marketing strategies to the GeoNovus Team.

Colin is also very well known as a musician. He has 4 nationally released albums and toured the world with Canadian legend Randy Bachman (Bachman Turner Overdrive and The Guess Who) for over 17 years singing all the Guess Who material and playing guitar and keyboards. Colin still performs at corporate and fundraising events and is the Musical Director for the Legends of Rock'n'Roll.

#### Gabriel Napora

Gabriel is the owner of Triton Films Inc. and Indian VFX company Tiyabella Visual Effects.

Mr. Napora has recently produced the Martin Sheen film “Badge of Honor” and the Danny Trejo film “Juarez 2045”. “Chappie”, a Sony feature, was based on a short film Gabriel produced with Neill Blomkamp (Director of “District 9”). He currently has projects in progress with Paramount, Warner Brothers and Lions Gate Entertainment. Gabriel's work is known for visually striking, heavy visual effects films.

## **Advisory Members**

### Chad McMillan

On November 26, 2015, the Company announced that it has engaged Chad McMillan of McMillan Strategies Inc. as its Senior Strategic Advisor.

Mr. McMillan has been involved in public and private company management for over 10 years and has led or been involved in a number of multi-million dollar financings, merger, acquisition, and joint venture transactions. Mr. McMillan will help advance a number of new strategic initiatives for GeoNovus.

### Lochlyn Munro

On October 22, 2015, the Company announced that it has appointed Lochlyn Munro as a celebrity advisor to the board and management.

Lochlyn Munro is a well-known face from TV and film and is very popular in the Hollywood and Canadian film communities. Lochlyn is best known for his role in Clint Eastwood's Unforgiven and has created memorable characters in such films as Dead Man on Campus, A Night at the Roxbury, Scary Movie and most recently with George Clooney in Disney's Tomorrowland.

"I am very excited to come on board with you all and help GeoNovus reach its full potential. I think there are some exciting things that we can all accomplish both commercially and artistically. I feel that I can help bring awareness to the company and with my many years of being around the business I also feel that I can be leaned on to help with creative decisions as well. I look forward to collaborating with the team at GeoNovus Media." said Lochlyn Munro

Lochlyn's countless appearances on TV include roles on various American projects such as 21 Jump Street and Wiseguy. Lochlyn Munro's Hollywood career continues to excel making him a powerful inspiration to all Canadian talent. As an advisor to GNM, he brings film, TV and music publishing experience, plus his unique cast perspective to the team.

### Martin Kramer

On January 7, 2015, the Company announced that it has appointed Martin Kramer to its Advisory Board.

Martin Kramer has been in the music business for over 50 years. He's worked and toured the world with such acts as The Rolling Stones, Ringo Starr, Joe Cocker, The Monkees and many more. He has personally managed, toured or represented such Artists as The Guess Who, Bachman Turner Overdrive, Nick Gilder, Randy Bachman and Burton Cummings.

Originally from Winnipeg, Martin Kramer is best known for working with Burton Cummings for 27 years. He was later recruited by Randy Bachman and worked for Bachman Turner Overdrive and then The Randy Bachman Band for almost a decade.

Martin was responsible for managing multiple stages at Expo '86 and Music '91. He's in his 30th year of managing The Legends Of Rock and Roll, a touring show that presents the world's best tribute artists in theatres across the country. He also co-hosts a live radio show podcast called Let's Talk Rock with Colin and Marty which is available on iTunes.

Martin is a true tour manager to the stars and will be starring in his own made-for SuperChannel television special due to resume filming in 2015. Martin brings years of valuable experience to GeoNovus and has access to the biggest names in the music industry.

### Patrick Muldoon

On April 23, 2015, the Company announced that it appointed Patrick Muldoon, to its Celebrity Advisory Board. Patrick Muldoon is a powerful Hollywood veteran who brings significant credibility, connections and industry experience to GeoNovus.

Best known for his role as Austin Reed on “Days of Our Lives”, Patrick spent three years at NBC winning the Soap Opera Digest award for best new actor. Earlier in his career, he appeared on “Who’s the Boss?” with Tony Danza and “Silk Stalkings” with Rob Estes.

Being one of the most visible faces from the soaps, he caught the attention of Spelling Entertainment, which led to a season on “Melrose Place” which helped to land the part of Zander Barkalow in Paul Verhoeven’s “Starship Troopers” with Casper Van Dien.

He’s appeared in a host of independent films including the Sundance contestant “Wicked” with Julia Stiles, and Frank Darabont’s “Black Cat Run”. In 2011 he returned to “Days of Our Lives” for another year. He has since starred in “All About Christmas Eve” with Haylie Duff for ‘Lifetime’, “Holiday Road Trip” with Ashley Scott and George Hamilton, “In the Dark” with Elisabeth Röhm for ‘Lifetime.’ He is a development executive at Eclectic Pictures where he has lent his producing skills to such projects as “Lovelace” starring Amanda Seyfried and “September of Shiraz” starring Selma Hayek and Adrian Brody. He is also an independent producer on many upcoming projects including “Badge of Honor” where he stars with Martin Sheen, & Mena Suvari -“Fast Texas” also with Ms. Seyfried and producing

Karen Mccullah’s (Legally Blonde, The Ugly Truth ) upcoming comedy “The Bachelorette Party.” Patrick brings GeoNovus a wealth of industry knowledge and wide audience. He wrote and sang the title song in “Powder Blue” with Jessica Biel with his band “The Sleeping Masses” and will be of great value to the Company assisting in the music publishing areas for film and television as well.

### Brayden R. Sutton

On April 27, 2015, the Company announced the appointment of Mr. Brayden R. Sutton to its Advisory Board. Mr. Sutton is a creative and “outside the box” entrepreneur with a strong passion for film and music. He thrives on creating exceptional client relationships and is very experienced in bringing small to medium-sized businesses into profitability using awareness campaigns and community building to drive revenue.

Mr. Sutton is a capital markets expert with 15 years of proven investing and business-building success. He has led various initiatives and teams in IT, media and finance and has been involved with numerous public offerings, IPOs and M&A.

### Shannon Pearson

On July 27, 2015, the Company announced the appointment of Shannon Pearson to its Advisory Board. As a member of the Advisory Board Shannon will advise the company on communication to the public as well as on daily operations as the Company continues to grow.

Shannon is an expert facilitator with outstanding communication skills. Her professional experience started with some of the best training in the financial industry through Royal Bank, creating a strong foundation from which she moved to Canaccord Capital and built a successful business as an investment advisor. With over 20 years of business experience Shannon has spent these years in roles contributing to, or directly in the financial industry from which she made a strategic exit in 2006.

Her experience in the financial industry has positioned Shannon to take on roles as a strategist in many industries. She has produced outstanding successes for her clients regardless of their stage in the growth cycle. Her ability to create a powerful balance between strategic vision and practical

application has lead Shannon to serve companies in industries such as retail, media, manufacturing, industrial services, technology, and many more.

## **Music Publishing**

During the year ended August 31, 2015, the Company signed a definitive agreement to acquire assets from a related company, Greenstock Publishing Ltd. ("Greenstock"), a Canadian music publisher for 1,000,000 shares (valued at \$450,000 based on market prices on the date the agreement was approved by the TSX-V). Greenstock owns 50% of the music publishing rights for the band, Franklins Dealers. The Greenstock business model is based on creating and acquiring music catalogs to place into major motion pictures. Greenstock is related as the CEO of Greenstock is also a director of the Company. The assets purchased during the year ended August 31, 2015 consist of intangible music publishing rights, of which \$449,900 has been expensed due to uncertainty regarding the future value. As at November 30, 2015, \$100 remains capitalized on the consolidated statement of financial position.

## **Lions Gate Releases "Absolution" Starring Steven Seagal. Produced By Tim Marlowe, Geonovus Now Entitled To Share Potential Revenue**

On May 14, 2015, the Company announced the new Steven Seagal movie "Absolution" as the first of six feature films that GNM (as part of the Company's agreement with Infinity Media) is entitled to share in the net revenues of. Produced by Tim Marlowe, "Absolution", and was officially released and distributed by Lions Gate on May 15, 2015 in Theatres and On Demand.

The Company's interest in the revenue of "Absolution" derives from a Production Revenue Participation Agreement (the "Participation Agreement") with Infinity Media and its principal, Academy Award® winning producer, Timothy Marlowe. In addition to his role with Infinity Media, Mr. Marlowe is a director of the Company. Under the terms of the Participation Agreement, the Company is entitled to receive five percent of the revenue earned by Infinity Media from "Absolution", and from five subsequent feature films from which Infinity Media is entitled to share revenue. The five subsequent films will be determined by Infinity Media pursuant to the terms of the Participation Agreement. In consideration for the acquisition of the participation rights under the Participation Agreement, the Company has agreed to issue up to 1.7 million shares from treasury to Infinity.

There can be no assurance that "Absolution" or any other films which the Company will have an interest in under future Participation Agreements will generate revenues for Infinity Media and the Company.

During September 2015, the Company and Infinity Media agreed to amend the agreement. Company Directors Tim Marlowe and Gabriel Napora have come to terms with the Company to return to treasury the previously issued 3.4 million shares negotiated originally in the two agreements in exchange for net profit interests in 12 upcoming productions collectively. Mr. Marlowe has agreed to retain 500,000 shares for the net profit interest of the movie "Absolution" currently owned by the Company. The Company and the two vendors have agreed to negotiate each upcoming production on a case by case basis.

## **Production of short film "THE FUTURE" Intended for submission for the 2015 Academy Award**

On May 4, 2015, the Company and Triton Films Inc. are to begin pre-production of a new short film intended for Oscar™ contention called "THE FUTURE".

The visually ground-breaking sci-fi short for the Company, will be produced by Oscar™ winning Executive Producer Tim Marlowe (GNM Director) and Gabriel Napora (GNM Director) of Triton Films and will feature the latest in visual effects technology.

The Company and Triton Films are currently casting A-list talent for this short film and finalizing locations and crew. Upon completion the short will be submitted to Hollywood for contention at the 2016 Academy Awards.

## **GeoNovus Media Announces Selection of Script for Next Short Film Production Intended for Submission to 2016 Academy Awards®**

On May 28, 2015, the Company announced the selection of the script “SPOKEN WORD” written by award-winning director Ilan Srulovicz, as the next short film slated to be produced with the intention of submitting to the 2016 Oscars®

The Company has slated the short film to begin production in August and will be produced by Tim Marlowe and Gabriel Napora (GNM Directors). The film will be directed by the writer, Ilan Srulovicz, (Grit 2015, I Hate Ned 2011) and shot in Los Angeles. The project is currently in the casting stage and the Company is seeking to attach A-list talent.

“SPOKEN WORD” is a drama about an African American judge faced with a moral conflict who must overcome prejudice in his search for redemption.

## **Agreement With Infinity Media To Produce 6 Movie Titles Within 24 Months**

On May 13, 2015, the Company has partnered with Infinity Media to produce six major feature films within the next 24 months.

During September 2015, the Company and Infinity Media agreed to amend the agreement. Company Directors Tim Marlowe and Gabriel Napora have come to terms with the Company to return to treasury the previously issued 3.4 million shares negotiated originally in the two agreements in exchange for net profit interests in 12 upcoming productions collectively. Mr. Marlowe has agreed to retain 500,000 shares for the net profit interest of the movie “Absolution” currently owned by the Company. The Company and the two vendors have agreed to negotiate each upcoming production on a case by case basis.

## **Participation Agreement With Gabriel Napora For Revenue Share Of Six Film Titles**

On June 18, 2015, the Company signed a Participation Agreement with producer Gabriel Napora (Triton Films) that entitles the Company to share in the net revenues of six upcoming film titles within the next 24 months.

During September 2015, the Company and Infinity Media agreed to amend the agreement. Company Directors Tim Marlowe and Gabriel Napora have come to terms with the Company to return to treasury the previously issued 3.4 million shares negotiated originally in the two agreements in exchange for net profit interests in 12 upcoming productions collectively. Mr. Marlowe has agreed to retain 500,000 shares for the net profit interest of the movie “Absolution” currently owned by the Company. The Company and the two vendors have agreed to negotiate each upcoming production on a case by case basis.

## **New Responsive, Mobile-Friendly Website and Integrated Social Media Platform**

On April 20, 2015, the Company has officially launched a newly designed, mobile-friendly corporate website.

Modeling profitable entertainment companies such as LionsGate Entertainment and Relativity Media, the Company is following in their footsteps by launching a responsive website that is aligned with the Company’s new strategic vision and will grow quickly as new content is created and curated.

The website design, interface, email marketing integration, images and copy were done very affordably in-house, reflecting GNM’s expertise in corporate communication and digital marketing strategies. The Company’s new website is connected to multiple social media accounts and is a reflection of GNM’s commitment to becoming a social resource for the entertainment community.

The Company's website was made with user experience at the forefront of its priorities and leverages a wonderfully responsive, SEO friendly, Wordpress interface. The website displays a visually clean parallax layout, with easy-to-navigate functionality. Parallax website layouts take advantage of dynamic animations which can scroll in a vertical or horizontal pattern while animating page elements at the same time. Parallax interfaces work especially well on tablets making it much easier to navigate than a "typical" website design

The Company's website is fully responsive and looks great on even the smallest mobile devices. Google's latest updates favour a site's mobile friendliness which will play a key role in the way it is ranked. In the last Google test, the Company's website was given the "Awesome! This page is mobile-friendly" seal of approval. Websites that are not optimized for mobile devices will continue to move lower on Google's search pages.

The GNM website has been tested with the security test engine, Sucuri which found zero issues with the website. The website is fully translatable and has 32 built-in language translations.

## **Results of Operations**

The results of operations reflect the overhead costs incurred to provide an administrative infrastructure to manage the media business and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity as Management and Directors continue to develop the film and music activities of the Company.

### **General and Administrative Expenses**

For the three month period ended November 30, 2015, the Company had a net loss of \$211,650 compared with a net loss of \$482,418 for the prior year. During the period ended November 30, 2015, the Company incurred:

- consulting and management fees of \$93,470 (2014 – \$146,096). The decrease is mainly due to certain consulting agreements being terminated.
- professional fees of \$26,438 (2014 - \$53,393). The decrease is due to lower legal fees relating to legal work on the various agreements executed during the current period.
- share-based compensation of \$Nil (2014 - \$39,623). The decrease is due to no options granted during the current period.
- shareholder communications and promotion of \$4,304 (2014 - \$26,955). The decrease was primarily due to a decrease in promotion activities during the current period.
- Travel and accommodation of \$19,000 (2014 - \$Nil). The increase was due to more trips during the current period.
- write-off of exploration and evaluation assets and reclamation bonds of \$Nil (2014 - \$31,589).
- write-off of asset purchase agreement of \$Nil (2014 - \$137,133).
- Unrealized loss on marketable securities of \$15,000 (2014 - \$Nil). ). Please refer to Note 9 of the November 30, 2015 condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com) for details.
- Realized loss on marketable securities of \$34,553 (2014 - \$Nil). Please refer to Note 9 of the November 30, 2015 condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com) for details.

## Summary of Quarterly Results

The following table sets out selected quarterly information available within the last eight quarters.

<b>Three Months Ended</b>	<b>November 30, 2015</b>	<b>August 31, 2015</b>	<b>May 31, 2015</b>	<b>February 28, 2015</b>
	\$	\$	\$	\$
Revenue (interest income)	-	-	-	-
Exploration and evaluation assets	-	-	329,284	629,284
Loss and Comprehensive loss	(211,650)	(1,250,400)	(340,109)	(221,423)
Loss per Common Share	(0.02)	(0.11)	(0.04)	(0.04)
<b>Three Months Ended</b>	<b>November 30, 2014</b>	<b>August 31, 2014</b>	<b>May 31, 2014</b>	<b>February 28, 2014</b>
	\$	\$	\$	\$
Revenue (interest income)	-	-	-	-
Exploration and evaluation assets	579,234	589,399	1,838,721	1,822,084
Loss and Comprehensive loss	(482,418)	(1,935,474)	(75,329)	(125,854)
Loss per Common Share	(0.08)	(0.54)	(0.02)	(0.04)

During the quarter ended February 28, 2014 through May 31, 2015, fluctuations in exploration and evaluation assets and loss are primarily due to exploration and evaluation impairments from period to period.

## Liquidity and Capital Resources

The Company's cash position was \$1,315 at November 30, 2015 compared to \$2,195 at August 31, 2015. The Company had a working capital deficiency of \$527,993 at November 30, 2015 compared with working capital deficiency of \$356,843 at August 31, 2015.

During the period ended November 30, 2015, cash flow activities consisted of:

- i) cash flows spent on operating activities of \$116,827 (2014 - \$211,504). Please refer to the condensed consolidated interim statement of cash flows within the condensed consolidated interim financial statements for the period ended November 30, 2015 on [www.sedar.com](http://www.sedar.com) for details.
- ii) cash flows received from financing activities of \$40,500 (2014 - \$229,106). The cash flows are primarily a result of subscriptions received in advance of \$37,500.
- iii) cash flows received on investing activities of \$75,447 (2014 – spent \$17,969), primarily on proceeds received for the sale of marketable securities.

During the period ended November 30, 2015, the Company issued 50,000 common shares pursuant to the exercise of options for gross proceeds of \$3,000 to capital stock from share-based payments reserve.

Subsequent to the period ended November 30, 2015, the Company received 3,400,000 common shares to treasury as part of the amended revenue participation agreements. The Company cancelled 1,200,000 of these treasury shares and re-issued 500,000 shares to a director of the Company under a new revenue participation agreement signed.

## **Related Party Transactions**

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Included in accounts payable and accrued liabilities is \$136,771 (August 31, 2015 - \$129,700) owing to directors, officers and companies owned by directors of the Company.

Compensation of management personnel

Key management personnel include members of the Board of Directors, Executive Officers and any companies owned or controlled by them.

During the period ended November 30, 2015, the Company paid or accrued management and consulting fees of \$74,845 (2014 - \$12,000) to directors or companies owned by directors of the Company.

## **Off Balance Sheet Arrangements**

The Company is not a party to any off balance sheet arrangements or transactions.

## **Changes in Accounting Policies and Future Accounting Changes**

There were no changes to the Company's accounting policies during the period ended November 30, 2015.

Future accounting changes

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9") introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning September 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers: The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning September 1, 2017, and has not yet considered the potential impact of the adoption of IFRS 15.

## **Financial Instruments**

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

The carrying amounts of cash, receivables, accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair market value because of the limited term of these instruments. The Company carries its marketable securities at fair value.

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

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality

financial institution in Canada. The receivables relate to amounts due from related parties. Amounts due from related parties were written off during the current year therefore the Company's maximum exposure to credit risk is the balance of cash held as at November 30, 2015. The Company has no significant concentration of credit risk arising from operations.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instrument or future media related transactions. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. The Company requires additional equity financing to fund its planned media programs and operating expenditures. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As at November 30, 2015 the Company had \$540,373 (August 31, 2015 - \$500,536) of accounts payable and accrued liabilities which are due on standard trade payable terms not exceeding 90 days and a loan payable of \$6,276 which was due on December 15, 2015. Interest continues to accrue on the loan.

#### Interest risk

Interest risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rates in the Company's monetary assets and liabilities. The Company has cash balances and no material interest-bearing debt, therefore, interest rate risk is minimal.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. Management does not hedge its foreign exchange risk. A 10% change in foreign exchange rates between the Canadian and US dollar at November 30, 2015 would not have a material impact on the Company's consolidated financial statements.

#### Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect any material movements in the underlying market risk variables over the next three months that will result in a material impact to its consolidated financial statements.

### **Contingencies**

The Company is unaware of its exposure to any contingent liabilities.

### **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

## Risks and Uncertainties

The Company's financial condition, results of operation and business are subject to risks. The following are identified as the main risk factors:

### Financing

The Company is reliant upon equity financing in order to continue its operations because it does not derive any income from its assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional funding in the future, it will be unable to carry out its operations and may lose its interests in its mineral properties.

## Disclosure Controls and Procedures

CSE listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of Disclosure controls and procedures ("DC&P") and Internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Other MD&A Requirements

As at the date of this MD&A, the Company had 11,074,263 common shares issued and outstanding.

As at the date of this MD&A, the following incentive stock options were outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number of Options Outstanding</u>
January 30, 2017	0.50	60,000
April 16, 2017	0.50	150,000
August 11, 2017	0.06	625,000
		<u>835,000</u>

As at the date of this MD&A, warrants were outstanding enabling holders to acquire shares as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number of Warrants Outstanding</u>
February 6, 2016	0.75	200,000
April 8, 2016	0.75	157,450
April 8, 2016	0.50	772,500
September 3, 2016	1.00	1,154,500
		<u>2,284,450</u>