Northern Superior Resources Inc.
Management's Discussion and Analysis
For the years ended December 31, 2015 and 2014
(Expressed in Canadian dollars)

GENERAL

This Management's Discussion and Analysis ("MD&A"), is intended to assist the reader in understanding and assessing the trends and significant changes in the results of operations and financial condition of Northern Superior Resources Inc. (the "Company" or "Northern Superior"). This MD&A should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the years ended December 31, 2015 and 2014 (the "financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A has taken into account information available up to and including March 24th, 2016. All dollar amounts are in Canadian dollars unless otherwise stated.

As at December 31, 2015, the Company has cash and cash equivalents of $1,615,034 and working capital of $1,819,319. While the Company has enough funds to allow it to continue its planned activities in the normal course, the Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. If the Company is unable to raise additional capital in the future and/or attracting joint venture partners for further exploration on its properties, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern beyond 2017.

This MD&A contains forward-looking statements. For example, statements in the "Outlook" section are forward-looking, and any statements elsewhere with respect to the cost or timeline of planned or expected exploration are all forward-looking statements. As well, statements about growth, financial position, capital adequacy and/or the need for future financing are also forward-looking statements. All forward-looking statements, including forward-looking statements not specifically identified in this paragraph, are made subject to the cautionary language at the end of this document, and readers are directed to refer to that cautionary language when reading any forward-looking statements.

Northern Superior is an exploration stage company engaged in the identification, evaluation, acquisition and exploration primarily of gold properties in Ontario and Québec. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Québec and trades on the TSX Venture Exchange under the symbol SUP.

HIGHLIGHTS for 2015:

Croteau East Gold project (100% owned by the Company)

- Defined an Inferred Mineral Resource Estimate on the central section (approximately 550m strike by 150m width) of the Croteau Bouchard Shear Zone ("CBSZ"), using a gold cut-off of 1.0 g/t Au totaling 11.6 million tonnes grading 1.7ppm Au, yielding 640,000 ounces of gold.

- Defined an exploration potential/target, ranging from 3.2 to 3.8 million tonnes, for a total of 122,000 to 270,000 ounces of gold. Mineralization occurs at surface, and remains open along strike in both directions (length defined thus far 1.1km) and at depth (only one hole to 575m vertical depth)

- Signed an-earn in / joint venture agreement on April 1, 2015 with Chalice Gold Mines ("Chalice"). After spending approximately $620,000 and therefore meeting their first year spending commitment of $500,000, Chalice completed an internal review of exploration assets, and in the light of current market conditions made the decision to withdraw from the earn in/joint venture agreement with the Company without earning an interest in the project. (see Chalice press release, December 22nd, 2015).

Lac Surprise (100% owned by the Company)

- Completed a technical report on January 2015, which summarizes the successful prospecting and trenching programs initiated on the property during 2014. The report highlights the discovery of 7 new gold showings and 3 new gold-bearing shear systems on the property and their importance for identifying areas of excellent focus for future exploration.

- Completed of a summer exploration program over the Amber showing ("B" horizon soil sampling, I.P. survey and prospecting and outcrop sampling program). The program was successful in advancing the understanding of structural controls for gold mineralization on the property and defining specific core- drill targets at the Amber showing.

Other Highlights

- Identified the next generation of Northern Superior's new exploration projects, all located in Québec. Projects were identified from a comprehensive review of the Company's geoscientific data base consisting of almost a terabyte of data, covering not only the Province of Québec, but also the Provinces of Ontario, Alberta, Saskatchewan and Manitoba plus the Territory of Nunavut. Northern Superior continues to expand and organize this data base not only from the acquisition of geoscientific information from its own projects, but also from the incorporation of publicly available data from publicly- available sources.

- The Wapistan property in Quebec, the first from the next generation of exploration properties was staked on July 2015. The acquisition of the Wapistan mineral property represents a key component in Northern Superior's strategy and ideally falls within the Company's exploration criteria of being a large, highly prospective, under-explored, low exploration cost property. It is located within a well-established exploration and mining camp that is situated in a favorable political jurisdiction.

- Completion of the trial portion of Northern Superior's litigation against the Ontario Government, November 13th, 2015; currently awaiting the verdict from the trial

- Continued to engage and enhance Company's relationships with First Nation stakeholders. Of particular note, Northern Superior worked closely with Neskantaga First Nation to secure the Company's exploration camp on its' 100% owned Ti-pa-haa-kaa-ning ("TPK") property, by removing and donating 230 drums of diesel fuel to the community. The TPK property is operated under an Early Economic Benefits Agreement with Neskantaga First Nation.

- Ended year with $1.6 million in cash.

OUTLOOK for 2016

Northern Superior will focus primarily on four activities through 2016: 1) management of the ongoing lawsuit against the Ontario Government; 2) further development of the Company's geoscientific data base; 3) pursuit of option and joint venture partners for the Company's current portfolio of exploration properties; and 4) maintain and improve the Company's relationships with its First Nation and option/ joint venture stakeholders and shareholders.

Ontario Litigation

On October 24, 2013, the Company filed a civil lawsuit against the Government of Ontario seeking, among other things, damages of $110 million consisting mainly of amounts expended to date as well as for the lost value of its properties, as a result of lost access to its Meston Lake, Rapson Bay and Thorne Lake exploration properties (the "Properties"). The Company is currently awaiting a verdict from the trial which was completed in November, 2015.

Geoscientific Data Base

Northern Superior has a portfolio of exploration properties that are now in an advanced state, all with drill-ready targets that have the potential to define significant mineralization. These properties include the TPK, Croteau Est and Lac Surprise properties highlighted in this report, but also includes the Company's 100% owned Ville Marie diamond project in west-central Québec. All these projects have exploration programs and budgets defined, and the Company will be actively seeking option partners to assist in advancing these properties.

As such, it is important to identify the next generation of exploration properties, and Northern Superior's geoscientific data base is critical in facilitating this exercise. The foundation of this data base consisted of data acquired from CANABRAVA Diamond Corp., the predecessor to what was then Superior Diamonds, and an Airborne Electromagnetic data base acquired from INCO in 2002. Since then, all geoscientific data derived from all of Superior Diamonds (predecessor to Northern Superior) and Northern Superior Resources exploration programs, have been incorporated into this data base. In addition, the Company has acquired various publicly available data sets.

From this data base, the current portfolio of projects were derived as were various other projects initiated but subsequently dropped after being evaluated through various exploration programs. During the spring of 2015, the next generation of exploration properties (22) were identified in Québec and one, the Wapistan mineral property, was staked.

Northern Superior is currently updating the data base metadata file and adding additional geoscientific data from the public domain. The Company has also identified a number of more advanced stage opportunities from the addition of data derived from a property evaluation exercise of it's Thorne Lake Rapson Bay and Meston Lake properties, associated with the Company's litigation against the Ontario Government.

Pursuit of Option and Joint Venture Partners

Northern Superior was successful in negotiating an option agreement with Bold Ventures Inc. in 2014 on the Company's 100% owned Lac Surprise property. This option agreement remains in good standing and Bold has communicated to management its desire to continue with the earn- in.

A second agreement with Chalice Gold Mines on the Company's 100% owned Croteau Est property was completed in the spring of 2015. Unfortunately due to economic issues, Chalice was unable to continue with the earn- in, and dropped the agreement in December of 2015. Nonetheless, significant progress was made on defining an inferred mineral resource on this property, refining current exploration targets and delineating additional targets. Northern Superior is seeking a partner to advance this property.

Northern Superior's TPK, Croteau Est and Ville Marie properties have significant mineral potential, with exploration plans and budgets in place. As such, the Company is seeking option and joint venture partners to advance these properties. Northern Superior is also open to an option or joint venture deal on its 100% owned, Wapistan property.

Stakeholders

An important component to the success that Northern Superior has enjoyed over the years are the positive relationships built by the Company with its' shareholders, First Nation stakeholders and option/ joint venture partners. The Company will continue to work hard at building on these relationships, and developing additional ones.

MINERAL PROPERTIES – 2015 developments

Croteau Est Gold Property

The Croteau Est gold property, a 100% owned by Northern Superior, is centered 28 km northeast of Chapais, and 17 km northwest of Chibougamau within Barlow and McKenzie townships in north-central Québec. The property consists of a contiguous block of 502 claims that encompass an area of approximately 22,051 hectares within Barlow, McKenzie, Blaiklock and Richardson Townships, in north-central Québec. Operations on the property continue under a pre-development agreement with the Grand Council of the Crees, the Cree Regional Authority and the Cree community of Oujé- Bougoumou.

On April 21, 2015, the Company signed an option and joint venture agreement with Chalice Gold Mines relating to the property, whereby Chalice could earn a 65% interest on the property by spending $4,000,000 on exploration over three years. After fulfilling the minimum obligation for the first year ($500,000), Chalice notified the Company of its intention to not exercise the earn-in option; the agreement was terminated on December 21, 2015.

During 2015 an exploration program was completed on the property, consisting of 11 core holes (2,511.6m) from 6 collar locations and 46 reverse circulation ("RC") drill holes (485m) intended to fill several gaps in the existing drill-hole coverage on the eastern and western defined extremities of the CBSZ through a series of shallow pierce points (30- 125m vertical depth).

Based on the data from the drill program, the Company defined an Inferred Mineral Resource estimate for the central section (approximately 550m strike by 150m width) of the CBSZ using a gold cut-off of 1.0 g/t Au totaling 11.6 million tonnes at a grade of 1.7ppm Au for 640,000 ounces of gold; also an exploration potential/target, ranging from 3.2 to 3.8 million tonnes, for a total of 122,000 to 270,000 ounces of gold was defined as a result of the program.

Other highlights from the drill program include: a) numerous intervals of low to high grade gold mineralization; b) identification of the CBSZ eastern target, a separate zone of gold mineralization or continuation of the CBSZ gold mineralization of unknown extent; c) extension of the CBSZ west target area as defined by results from two core drill holes and a series of RC drill holes; and d) Croteau Fault validation and target definition from RC bedrock chip geochemistry and gold grain data (see press release, January 21st, 2016).

Lac Surprise Gold Property

The Lac Surprise Property is located approximately 65 km south of the town of Chibougamau, and 45 km south of the town of Chapais, Québec. The property currently consists of 333 claims covering an area of approximately 18,555 hectares.

The property is currently under an option agreement with Bold Ventures Inc. ("Bold"), signed in April 2014, who may earn up to a 60% interest in the property by expending an aggregate of $2,000,000 and issuing to Northern Superior a total of 350,000 common shares of Bold over a three year period. A further 10% interest may be earned by delivering a positive feasibility study within 5 years of execution of the formal option agreement. As at 31 December 2015, Bold has issued 100,000 shares to the Company and spent approximately $883,000 on exploration on the property.

During 2015 an exploration program was completed on the property consisting of a 28.1 line - km survey grid over the Amber Zone, designed to accommodate more detailed gold exploration; a shallow penetrating, frequency domain, induced polarization (IP) survey over the grid with the intention of identifying structures, potentially hosting gold mineralization as well as an eight hundred and thirty-five (835) soil sample program over the grid with the intention from the geochemical analysis of those samples to identify specific gold exploration targets over the Amber showing.

The program was successful in identifying several first and second order IP anomalies, outlined beneath the shallow overburden with the majority of anomalies occurring along three main zones oriented in a WNW-ESE trending direction over the Amber grid. Geochemical anomalies derived from the soil sampling program defined specific targets associated with these three main, geophysically defined zones.

Wapistan Property

During 2015 the Company completed staking 208 claims or approximately 10,668 hectares, covering over a 32 km strike length of a major structure developed in an Archean-aged volcanic-sedimentary package. The property hosts multiple gold and other precious metal occurrences in rocks similar to those associated with the Roberto Deposit (Goldcorp Inc.) and the Eau Claire Gold deposit (Eastmain

(Expressed in Canadian dollars)

Resources Inc.). the property is located strategically to take advantage of established infrastructure, significantly reducing exploration and development costs.

Interpretation of bedrock units and associated major structures indicate that the Wapistan property is favorable for hosting Orogenic and Porphyry style mineralization; and

RESULTS OF OPERATIONS

In the year ended December 31, 2015, the Company incurred exploration and evaluation property expenditures before tax credits of $439,170 (2014-$1,388,322). The majority of the expenditures were incurred on the Croteau Est project ($195,617 spent in 2015 compared to $1,041,633 in 2014) and the TPK property ($162,976 spent in 2015 compared to $125,690 in 2014).

A net loss of $4,344,142 was recorded for the year ended December 31, 2015 (2014 -$10,664,555), which includes exploration property write downs of $2,548,449 (2014-$9,236,060). The write-downs were the result of year end impairment reviews of exploration properties, and were based on a review of indicated market value, current and future estimates of precious metal commodity prices and the Company's market capitalization.

For the year ended December 31, 2015, the Company's operating expenses, net of Ontario litigation costs, write-down of exploration properties and depreciation and share-based payments, declined by 21% compared to the previous year (2015-$816,318 compared to 2014-$1,039,167), as the Company continued to reduce overhead costs. 2014 operating expenses include $135,000 for severance expenditures for an officer of the Company.

In the year ended December 31, 3015, the Company incurred costs of $916,362 (2014-$286,230) in connection with its litigation against the Government of Ontario.

The Company reports share-based payments by expensing a portion of such costs to office expense and consulting fees, and allocating a portion of such costs to exploration properties for employees involved in exploration work. The allocation of share-based payments for the years ended December 31, 2015 and 2014 was as follows:

Years ended December 31,	**2015**	2014
Consulting fees	**$7,917**	$6,655
Office expense	**44,298**	85,230
	52,215	91,885
Capitalized on exploration and evaluation properties	**8,255**	46,077
Total share based payments	**$60,470**	$137,962

(Expressed in Canadian dollars)

ANNUAL FINANCIAL INFORMATION

The following selected annual financial data has been prepared in accordance with IFRS.

Years ended December 31,	**2015**	2014	2013
Interest income	**$26,065**	$51,272	$87,656
Net loss and operating loss	**($4,344,142)**	($10,664,555)	($16,575,095)
Loss per share* - basic and diluted	**($0.02)**	($0.06)	($0.09)
Total assets	**$5,448,004**	$9,873,902	$20,251,543

**Loss per share is calculated based on the weighted average number of shares outstanding*

Net loss, loss per share and total assets decrease from 2013 to 2015 largely reflects lower write downs of properties year over year ($2,548,449, $9,236,060 and $15,005,125, respectively for the years ended December 31, 2015, 2014 and 2013), lower operating expenditures, reduced overhead and decrease in cash and cash equivalents.

QUARTERLY FINANCIAL INFORMATION

The following selected quarterly financial data has been prepared in accordance with IFRS.

2015 Fiscal Quarter ended	**December 31**	September 30	June 30	March 31
Interest income	**$4,632**	$5,739	$7,237	$8,457
Net loss	**($2,794,510)**	($577,360)	($478,012)	($494,260)
Net loss per share* - basic and diluted	**($0.01)**	($0.00)	($0.00)	($0.00)
Total Assets	**$5,448,004**	$8,527,117	$8,956,895	$9,505,153

2014 Fiscal Quarter ended	December 31	September 30	June 30	March 31
Interest income	$12,013	$11,097	$12,014	$16,148
Net loss	($9,668,282)	($307,756)	($314,614)	($373,903)
Net loss per share* - basic and diluted	($0.05)	($0.00)	($0.01)	($0.00)
Total Assets	$9,873,902	$19,455,683	$19,638,071	$19,897,423

**Basic and diluted loss per share calculated based on the weighted average number of shares outstanding*

A net loss of $2,794,510 (2014-$9,668,282) was recorded for the three months ended December 31, 2015, which includes a $2,548,449 write down on the Company's exploration and evaluation properties (write down of $9,236,059 for the three months ended December 31, 2014). In the last quarter of 2014 the Company accrued $135,000 for one time severance payments to one executive of the Company.

In the three months ended December 31, 2015, the Company incurred nominal exploration and evaluation property expenditures ($68,333 incurred in the same period in 2014).

The higher net loss in the first three quarters of 2015 compared to same periods in 2014 reflects primarily higher spending in connection with the Company's litigation against the Government of Ontario, slightly offset by continuously reduced overhead spending.

(Expressed in Canadian dollars)

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through the equity markets. At December 31, 2015 the Company had $1,615,034 cash and cash equivalents and no debt, other than current trade accounts payable of $34,004. The Company's working capital as at December 31, 2015 was $1,819,319 (2014-$3,940,426).

Cash used in operating activities during the year ended December 31, 2015 was $1,868,410 (2014-$1,192,173) and includes, in addition to overhead expenditures, $916,362 (2014-$286,230) spending in relation to the Company's litigation with the Government of Ontario. The trial for the litigation was completed in November 2015 and the Company is currently awaiting the trial verdict. Depreciation, share based payments, write-off of exploration and evaluation properties and changes in non-cash working capital items make up the amounts that reconcile the statement of loss for the quarter to the statement of cash flows from operating activities.

Prepaids and receivables at December 31, 2015 include $30,825 (2014-$22,556) in government sales taxes receivable, $21,821 (2014-$36,299) interest receivable, $26,755 (2014-$27,848) in prepaid expenses and $154,862 (2014-$424,475) in refundable tax credits on exploration expenditures in Québec. The Company also has long-term receivables of $3,241 in refundable tax credits from eligible exploration expenditures in Québec (2014-$49,796).

The Company's principal activity is the acquisition and exploration of exploration and evaluation properties. During the year ended December 31, 2015, the Company incurred net expenditures of $456,887 (December 31, 2014-$953,365) on exploration and evaluation properties. The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account.

The Company does not hold any asset-backed commercial paper.

OUTSTANDING SHARE CAPITAL

At March 24th, 2016, Northern Superior had 189,577,969 outstanding common shares outstanding and the following stock options:

Options outstanding	Exercise price
5,750,000	$0.050 - $0.100
1,875,000	$0.101 - $0.200
1,355,000	$0.201 - $0.300
50,000	$0.700
9,030,000	

(Expressed in Canadian dollars)

COMITMENTS

	1 - 5 years	Total
Operating lease - office lease	$72,875	**$72,875**

CAPITAL RESOURCES

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves and cash and cash equivalents.

The Company's capital at December 31, 2015 and 2014 is as follows:

As at December 31,	**2015**	2014
Share capital	**$62,799,807**	$62,784,407
Reserves	**4,657,984**	4,599,264
Deficit	**(62,043,791)**	(57,699,649)
	$5,414,000	$9,684,022

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or 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. There were no changes in the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

(Expressed in Canadian dollars)

RELATED PARTY TRANSACTIONS

For the purpose of this disclosure, related parties are defined as the officers and directors of the Company.

The remuneration of directors and other members of key executive management personnel (President and Chief Executive Officer and Chief Financial Officer) during the years ended December 31, 2015 and 2014 are as follows:

Years ended December 31,	**2015**	2014
Management fees	**$101,000**	$107,896
Directors' fees	**94,750**	113,000
Salaries and wages	**253,004**	407,000
Share based payments	**42,667**	82,885
	$491,421	$710,781

The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the Chief Financial Officer, $67,000 for accounting and management and administration services during the year ended December 31, 2014 (2014 - $72,000), which amounts are included in management fees above.

All related party transactions are in the normal course of operations and measured at the exchange amount agreed to between the related parties. For the purposes of disclosure, related parties are defined as the officers and directors of the Company and companies controlled by the officers and directors.

Included in trades payables at December 31, 2015 is $763 due to related parties (December 31, 2014 - $2,931).

In late 2014, the Company finalized a severance agreement with a former Vice-President of the Operations of the Company for an aggregate amount of $135,000.

ACCOUNTING POLICIES, STANDARDS AND JUDGEMENTS

Changes in Accounting Policies

The Company has adopted the following new standard, along with any consequential amendments, effective January 1, 2015. These changes were made in accordance with the applicable transitional provisions.

IFRS 8, *Operating Segments*

On December 12, 2013 the IASB amended IFRS 8, *Operating Segments* ("IFRS 8"). The amendments add a disclosure requirement for the aggregation of operating segments and clarify the reconciliation of the total reportable segments' assets to the entity's assets. The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments to the standard did not have any impact on the Company's financial statements.

Accounting Standards Issued but not yet Effective

IFRS 15, *Revenue from Contracts and Customers*

IFRS 15, *Revenue from Contracts and Customers* ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard.

On July 22, 2015, the IASB deferred the mandatory effective date of IFRS 15 by one year to January 1, 2018 (with earlier application still permitted). The Company does not expect the implementation of IFRS 15 to impact its financial statements.

IFRS 9, *Financial Instruments*

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB on July 24, 2014, and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effectively for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 38*, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization*

On May 12, 2014, the IASB issued Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*. In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for fiscal years beginning on or after January 1, 2016 with early application permitted. These amendments will not impact the Company's financial statements.

IFRS 11, *Joint Arrangements*

On May 6, 2014 the IASB amended IFRS 11, *Joint Arrangements* ("IFRS 11"). The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments will not impact the Company's financial statements.

IAS 1, *Presentation of Financial Statements*

On December 18, 2014 the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1"). The amendments to existing IAS 1 requirements relate to materiality; order of the notes; subtotals; accounting policies; and disaggregation. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments will not impact the Company's financial statements.

IAS 19, *Employee Benefits*

On November 13, 2013 the IASB amended IAS 19, *Employee Benefits* ("IAS 19"). The amendments provide additional guidance to IAS 19 on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendments are effective for annual periods beginning on or after July 1, 2014. IAS 19 was further amended on July 30, 2014. The amendments to IAS 19 clarify the application of the requirements of IAS 19 on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. The amendments are effective for annual periods beginning on or after January 1, 2016. The amendments will not impact the Company's financial statements.

IFRS 16, *Leases*

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. The new Standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15, *Revenue from Contracts with Customers,* has been applied. The Company does not expect the implementation of IFRS 16 to impact its financial statements.

IAS 7, *Statement of Cash Flows*

On January 29, 2016, the International Accounting Standards Board (IASB) published amendments to IAS 7, *Statement of Cash Flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The Company is currently evaluating the impact of IAS 7 on its financial statements.

Use of Estimates and Judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Impairment of assets

The carrying amounts of evaluation and exploration properties and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash generating unit level ("CGU").

The assessment requires the use of estimates and assumptions such as, but not limited to, long-term commodity prices, foreign exchange rates, discount rates, future capital requirements, resource estimates, exploration potential and operating performance as well as the CGU definition. It is possible that the actual fair value could be significantly different from those assumptions, and changes in these assumptions will affect the recoverable amount of the mining interests. In the absence of any mitigating valuation factors, adverse changes in valuation assumptions or declines in the fair values of the Company's CGUs or other assets may, over time, result in impairment charges causing the Company to record material losses.

The Company considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of the assets. Internal sources of information the Company considers include the manner in which exploration and evaluation properties and equipment are being used or are expected to be used and indications of economic performance of the assets.

Environmental rehabilitation

Significant estimates and assumptions are made in determining the environmental rehabilitation costs as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates.

Those uncertainties may result in actual expenditures in the future being different from the amounts currently provided, if any.

Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3(c) of the Company's financial statements. The fair value of stock options is measured using the Black-Scholes option valuation model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet financing arrangements

MANAGEMENT OF FINANCIAL RISKS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

i. Credit Risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. The Company's surplus cash at December 31, 2015 and December 31, 2014, is invested in liquid low risk accounts in A rated Canadian Banks. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company had cash and cash equivalents of $1,615,034 (December 31, 2014 - $3,615,065) to settle trade payables and accrued liabilities totaling $34,004 (December 31, 2014 - $189,880).

iii. 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 rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately $18,000 for the year ended December 31, 2015.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency or commodity risk arising from financial instruments.

FORWARD–LOOKING STATEMENTS

Certain of the statements made herein may constitute "forward-looking statements" or contain "forward-looking information" within the meaning of applicable Canadian securities laws. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the potential for mineralization at the Company's properties, the timelines to complete the Company's exploration programs, timing for permit applications, timing for resource estimates, timing to complete technical reports, forecasts for exploration expenditures, estimates of future administrative costs and statements about the Company's future development of its properties.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mine exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; the potential for unexpected costs and expenses and commodity price; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors.

Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of commodities; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statements or information, except as may be required by applicable law.

RISK FACTORS

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this MD&A prior to making an investment in the Company. In addition to the other information presented in this Report, the following risk factors should be given special consideration when evaluating an investment in the Company's securities.

General

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production.

The Company evaluates its property interests on an ongoing basis and intends to abandon properties that fail to remain prospective. The Company is confident that it will be able to meet its earn-in obligations on those properties which management considers to be of merit. At the time of writing the Company expects to incur further property exploration and acquisition expenses.

The Company's business is subject to exploration and development risks

All of the Company's properties are in the exploration stage and no known reserves have been discovered on such properties. There is no certainty that the expenditures to be made by the Company or its option partners in the exploration of its properties described herein will result in discoveries of metals in commercial quantities or that any of the Company's properties will be developed. Most exploration projects do not result in the discovery of economic deposits of metals and no assurance can be given that any particular level of recovery of metals will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of metals ultimately discovered may differ from that indicated by drilling results. There can be no assurance that metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Political and economic instability may affect the Company's business

The Company's activities in Canada are subject to risks common to operations in the mining industry in general.

The Company's properties are subject to title risks

The Company has investigated title to all of its exploration properties and, to the best of its knowledge, title to all of its properties, and properties that it has the right to acquire or earn an interest in are in good standing. However, the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. These defects could adversely affect the Company's title to such properties or delay or increase the cost of the development of such properties.

The Company's properties may also be subject to Aboriginal or other historical rights that may be claimed on Crown properties or other types of tenure with respect to which mineral rights have been conferred. Except for the lawsuit relating to the Company's Meston Lake, Rapson Bay and Thorne Lake properties, as described under Litigation Against Government of Ontario, the Company is not aware of any Aboriginal land claims having been asserted or any legal actions relating to Aboriginal issues having been instituted with respect to any of the exploration & evaluation assets in which the Company has an interest. The Company is in continuous communication with the interested parties in regards to these two properties. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such co-operation.

Environmental risk

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development and a higher level of responsibility for companies and their officers, directors and employees. There is no assurance that future changes to environmental legislation in Canada will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. In particular, the Company's operations and exploration activities are subject to Canadian federal and provincial laws and regulations governing protection of the environment. Such laws are continually changing and, in general, are becoming more restrictive.

The mineral exploration industry is extremely competitive

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire suitable new prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel.

Metal prices affect the success of the Company's business

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Factors beyond the control of the Company may affect the marketability of any minerals discovered. No assurance may be given that metal prices will remain stable. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The effect of these factors on the price of minerals and therefore the economic viability of any of the Company's exploration projects cannot accurately be predicted. As the Company's properties are in the exploration stage, the above factors have had no material impact on present operations or income.

QUALIFIED PERSON

Dr. T.F. Morris (President and CEO) is currently the Company's Qualified Person ("QP") (as defined in National Instrument 43-101, "Standards of Disclosure for Mineral Projects") for all projects, except the Croteau Est gold project. Mr. Ron Avery is the QP for the Croteau Est gold project. As the Company's QP, Dr. Morris has prepared or supervised the preparation of the scientific or technical information for the properties as referred to in this MD&A, except for the Croteau Est gold property. Mr. Avery was responsible for the preparation and supervision of scientific and technical information for Croteau Est gold project.

ADDITIONAL INFORMATION

Additional information is provided in the Company's audited financial statements for the year ended December 31, 2015. These documents are available on SEDAR at www.sedar.com.