PITCHBLACK RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended
June 30, 2016 and 2015

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and six months ended June 30, 2016 and 2015. This MD&A is intended to be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto ("Statements") of Pitchblack Resources Ltd. ("Pitchblack" or the "Company") as at and for the three and six months ended June 30, 2016 and 2015.

References to the first, second, third and fourth quarters of 2016 refer to the three, six, nine and twelve months ended March 31, June 30, September 30 and December 31, 2016. References to the first, second, third and fourth quarters of 2015 refer to the three, six, nine and twelve months ended March 31, June 30, September 30 and December 31, 2015 respectively.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. This MD&A reports the Company activities through August 29, 2016 unless otherwise indicated. The Company's public filings can be reviewed on the SEDAR website, under the Company's profile at www.sedar.com.

All financial statements discussed in this MD&A have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern and do not reflect the adjustments to the carrying value of assets and liabilities, reported revenue and expenses, and the statement of financial position classifications that would be necessary if the going concern assumption was no longer appropriate. These adjustments could be material.

The Audit Committee of the Company has reviewed this MD&A and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2016 and 2015, and Pitchblack's Board of Directors approved these documents prior to their release.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's proposed acquisitions and strategy; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of development and exploration activities are based on previous industry experience and advice from experts and recent research. Capital and operating cost estimates are based on research of the Company and advice from experts. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during exploration and development; regulatory risks; government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

COMPANY OUTLOOK

The Company continues its strategic review of all of its mineral properties in order to maximize shareholder value. The Company is continuing the process of attempting to vend or joint venture some or all of its properties. It has also settled its outstanding litigation so no longer has any significant potential liabilities.

PROJECT ACTIVITIES

URANIUM

Igor Property ("Igor")

As at June 30, 2016 the Company holds a 50% interest in the Igor Property.

The Company is the operator on the property. The Company has written down the full amount of the carrying value of the property as it has not done any exploration work on the property in the last three years and does not intend to do additional work on the property for the foreseeable future.

The Company has allowed certain claims that make up the Igor property to lapse and will continue to allow certain claims to lapse as they expire.

COAL

Division Mountain

The Company's Division Mountain coal project is located 90 kilometres northwest of Whitehorse, Yukon Territory. The property is 100% owned by the Company and is comprised of 18 territorial coal exploration licences covering approximately 3,000 square kilometres.

The Company impaired the full amount of the carrying value of the property in the year ended December 31, 2012 as it had not done any exploration work on the property in the previous four years and does not intend on doing additional work on the property for the foreseeable future. The Company is seeking expressions of interest for the potential joint venture or acquisition of the property.

GOLD

Mike Lake

The Mike Lake property consists of 319 mining claims covering an area of approximately 68 square kilometres located in the Tintina Gold Belt, Yukon Territory, which is primarily prospective for gold.

The Company is assessing its strategic options for the property going forward. The Company believes there are a number of prospective joint venture partners or acquirers for the property.

SUMMARIZED FINANCIAL RESULTS

Selected Annual Financial Information

(Expressed in Canadian dollar $)	December 31, 2015	December 31, 2014	December 31, 2013
Revenue	$ -	$ -	$ -
Cash flow (used in) operating activities	(204,495)	(286,540)	(687,674)
Net loss	234	680,594	1,136,771
Net (income) loss and comprehensive (income) loss for the year	(35,016)	682,844	1,151,771
Basic and diluted (income) loss per share	(0.01)	0.21	0.37
Total Assets	27,602	234,074	544,528
Working Capital	(546,299)	(778,115)	(95,271)

Selected Quarterly Financial Information

The quarterly results are as follows:

(Expressed in Canadian dollar $)	**2016 Q2**	**2016 Q1**	**2015 Q4**	**2015 Q3**
Statement of Loss				
Income/(Loss)	-72,232	-102,107	322,700	-112,772
Income/(Loss) per share	-0.02	-0.03	0.09	-0.03
Balance Sheet				
Working capital [1)]	-635,139	-603,406	-546,299	-445,424
Total assets	13,164	26,968	27,602	50,734
(Expressed in Canadian dollar $)	**2015 Q2**	**2015 Q1**	**2014 Q4**	**2014 Q3**
Statement of Loss				
Income/(Loss)	-86,980	-123,182	-252,177	-123,597
Income/(Loss) per share	-0.02	-0.04	-0.08	0.00
Balance Sheet				
Working capital [1)]	-988,277	-901,297	-778,115	525,564
Total assets	88,218	150,943	234,074	279,973

[1)] See Non-GAAP measures

The general trend in decreasing total assets during 2016, 2015 and 2014 resulted from impairment losses on the Company's investments and cash used by operating activities. In all the periods shown above, the Company did not generate any revenues and the net (losses) result primarily from corporate overheads, stock based compensation expense, the write off, loss from disposal of assets netted by gain on settlement of debt.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have any operating assets that generate revenues. The Company incurred net losses of $72,232 and $174,340 respectively for the three and six months ended June 30, 2016 (three and six months ended June 30, 2015: $86,980 and $210,162 respectively).

The Company generated a net cash outflow of $7,844 and $9,053 respectively during the three and six months ended June 30, 2016 (three and six months ended June 30, 2015: cash outflow of $54,704 and 145,247 respectively).

The Company has a need for equity capital and financing for working capital and exploration and evaluation of its properties. Because of continuing operating losses and a working capital deficiency at June 30, 2016, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Working Capital

As at June 30, 2016, the Company had a working capital deficiency (see note NON-GAAP MEASURES) of $635,139 compared to negative working capital of $988,277 at June 30, 2015. The Company is reviewing various strategic alternatives in order to rectify its negative working capital position.

CASH FLOWS

Cash Flows for the three months ended June 30, 2016 and 2015

(Expressed in Canadian dollar $)	For the three months ended June 30, 2016		For the three months ended June 30, 2015	
Cash used in operating activities	$	(67,844)	$	(54,704)
Cash provided by financing activities		60,000		-
(Decrease) increase in cash	$	(7,844)	$	(54,704)

On June 28, 2016, the Company closed the first tranche of a non-brokered private placement financing of 600,000 common shares of the Company at a price of $0.10 for gross proceeds of $60,000.

Cash Flows for the six months ended June 30, 2016 and 2015

(Expressed in Canadian dollar $)	For the six months ended June 30, 2016		For the six months ended June 30, 2015	
Cash used in operating activities	$	(69,053)	$	(145,247)
Cash provided by financing activities		60,000		-
(Decrease) Increase in cash	$	(9,053)	$	(145,247)

(in Canadian dollars unless otherwise noted)

RESULTS OF OPERATIONS

For the three and six months ended June 30, 2016

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Expenses				
Consulting, professional and management fees	$ 124,494	$ 61,823	$ 222,156	$ 158,576
Office and general	2,744	15,967	5,055	35,199
Shareholder communications and filing fees	5,081	4,301	7,242	7,873
Travel and promotion	0	2,520	-	5,040
Loss before the undernoted	132,319	84,611	234,453	206,688
Other items:				
Write off accrued liabilities	(60,000)	2,349	(60,000)	3,474
Unrealized loss (gain) on investment	(87)	20	(113)	-
Net loss for the period	72,232	86,980	174,340	210,162

During the three months ended June 30, 2016, the Company recorded a net loss of $72,232 compared to a loss of $86,980 during the same period of 2015. The net loss during the three months ended June 30, 2016 resulted primarily from consulting, professional and management fees, office and general and shareholder communications and filing fees offset by a write off of accrued liabilities as a result of settlement of previous litigation filed on August 9, 2013. The loss during first quarter 2015 resulted primarily from consulting, professional and management fees and office and general.

During the six months ended June 30, 2016, the Company recorded a net loss of $174,340 compared to a loss of $210,162 during the same period of 2015. With the exception of write off accrued liabilities, the net loss for the comparable period would have been almost at the same level.

NEW AND FUTURE ACCOUNTING POLICIES

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. This new standard did not have any material impact on the Company's condensed interim consolidated financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(in Canadian dollars unless otherwise noted)

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

RELATED PARTY DISCLOSURES

During the three months ended June 30, 2016 and 2015, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods and services			
	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Forbes & Manhattan, Inc.	$ 30,000	$ 30,000	$ 60,000	$ 60,000

	Amounts owed to related parties		Amounts owed by related parties	
	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Forbes & Manhattan, Inc.	$ 257,000	$ 438,100	$ -	$ -

The Company shares its office space with other companies who may have officers or directors in common with the Company. The costs associated with this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc, to whom the Company pays a monthly fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

Mr. Stan Bharti is the Executive Chairman of Forbes & Manhattan, Inc. Mr. Bharti was a director of the Company until June 10, 2011.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the three months ended June 30, 2016 and 2015 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Short-term benefits	$ 75,000	$ 23,500	$ 150,000	$ 47,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(in Canadian dollars unless otherwise noted)

COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts require that payments of up to approximately $646,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements. Additional minimum management contract commitments remaining under these contracts approximate $106,000 due within one year.

The Company's exploration and evaluation activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting is expenditure commitments.

OUTSTANDING SHARE DATA

As at August 29, 2016, 5,224,061 common shares of the Company were outstanding. Of the options to purchase common shares issued to service providers under the share option plan of the Company, 15,000 remained outstanding with exercise price $1.20, and expiry date September 11, 2017. If exercised, 15,000 common shares of the Company would be issued, generating proceeds of $18,000.

NON-GAAP MEASURES

The MD&A contains the term working capital. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Current assets		June 30, 2016		June 30, 2015
Cash	$	1,500	$	69,801
Amounts receivable		6,377		11,904
Prepaid expenses		4,725		5,670
Investments		562		843
Total current assets		13,164		88,218
Current liabilities				
Accounts payable and accrued liabilities	$	648,303	$	1,076,495
Total liabilities		648,303		1,076,495
Working capital (current assets less current liabilities)	$	(635,139)	$	(988,277)

(Expressed in Canadian dollars $)	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash (used in) operating activities before change in working capital items	$ (72,319)	$ (86,960)	$ (174,453)	(210,162) 3
Cash provided by (used in) change in working capital items	$ 4,475	32,256	105,400	64,914
Net cash provided by (used in) operating activities	$ (67,844)	$ (54,704)	$ (69,053)	$ (145,247)

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Liquidity Concerns and Future Financings

To remain solvent, the Company will require additional funds. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because of operations cost to be greater than projected price of production, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

No Revenues

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Mineral Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Foreign Exchange

The Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar. As the Company supports its operation through financing in Canadian dollars, a decline in the US dollar would result in a decrease in the real value of the Company's future revenues and adversely affect its financial performance.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, and actual events could have a material adverse effect on the Company's mineral reserve estimates.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Environmental

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave- ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increased costs of projects.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that further fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, warrants and options. 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 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 administrative costs, the Company will spend 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 three months ended June 30, 2016 or 2015. The Company is not subject to externally imposed capital requirements.

FINANCIAL RISK FACTORS

There have been no changes in the risks, objectives, policies and procedures from the previous period. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is primarily attributable to amounts receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable consist primarily of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had a cash balance of $9,344 (June 30, 2015 - $124,605) to settle current liabilities of $675,374 (June 30, 2015 - $1,052,240). The Company's financial liabilities generally have contractual maturities of less than 30 days.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Market risk
(a) Interest rate risk
The Company has cash balances at June 30, 2016. The Company's current policy is to invest excess cash in investment-grade term deposit certificates issued by credible banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company considers

interest rate risk to be minimal as investments are short term, the Company does not carry interest-bearing debt, and future financing will be primarily secured from private placements.

(b) Price risk
The Company will be exposed to price risk with respect to commodity prices, specifically uranium and coal. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for ore, the level of interest rates, the rate of inflation, investment decisions by large holders of ore and stability of exchange rates can all cause significant fluctuations in prices, such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments.

Fair value hierarchy and liquidity risk disclosure
At June 30, 2016 and 2015, the Company's financial instruments that are carried at fair value, consist of investments which have been classified as Level 1 within the fair value hierarchy.

Sensitivity analysis
The Company has designated its cash and cash equivalents as held-for-trading, measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Temporary investments are classified as held-for-trading, measured at their quoted market value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 2016, the carrying and fair value amounts of the Company's financial instruments are the same.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote as the Company is not a producing entity.

CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

Refer to Note 8 Commitments and contingencies of the unaudited condensed interim consolidated financial statements and notes of the Company as at and for the three months ended June 30, 2016 and 2015.

OFF-BALANCE SHEET ITEMS

The Company does not have any off-balance sheet items.

SUBSEQUENT EVENTS

On July 29, 2016, 10,000 options expired unexercised.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the profile of the Company on SEDAR at www.sedar.com.

August 29, 2016