



# NEWPORT

## EXPLORATION LTD.

### MANAGEMENT'S DISCUSSION & ANALYSIS

**Three Months Ended October 31, 2015**

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as at December 22, 2015 and should be read in conjunction with the unaudited condensed interim financial statements for the three months ended October 31, 2015 of Newport Exploration Ltd. ("Newport" or "the Company") with the related notes thereto. Those unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements and, as a result, do not contain all disclosure required under IFRS for annual financial statements. Accordingly, readers may want to refer to the July 31, 2015 audited annual financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A, unless otherwise indicated, are expressed in Canadian dollars.

Management is responsible for the preparation and integrity of the Company's unaudited condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the unaudited condensed interim financial statements and MD&A, is complete and reliable.

Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Company's head office at Suite 501-837 West Hastings Street, Vancouver BC, Canada V6C 3N6. The Company's web site is [www.newport-exploration.com](http://www.newport-exploration.com).

#### ***Description of Business***

Newport is a natural resource company engaged in the acquisition and exploration of resource properties. In addition, the Company holds a 2.5% gross overriding royalty ("Royalty") interest on any hydrocarbons produced on certain petroleum exploration and production licences in Australia.

The Company's head office is in Vancouver, British Columbia. The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange (TSX-V) under the symbol NWX.

#### ***Overview***

##### ***Oil and Gas Royalty Interests***

The Company holds a 2.5% gross overriding royalty on several oil and gas exploration and production licences in the Cooper Basin, Australia. These licences are being operated by Beach Energy Ltd ("Beach") and Santos Ltd ("Santos"), in Joint Venture with Drillsearch Energy Limited ("Drillsearch"), with the most active licences currently being PRLs 152 to 172 (formerly PEL 91) and PRLs 129 to 130 (formerly PEL 106).

The Royalty is a non-operating interest and the Company is therefore not informed of any decisions that may be made concerning the operations or intentions of Beach, Drillsearch and Santos and consequently cannot speculate on production, development plans, or potential revenues.

The Company does not have access to the underlying technical data and cannot independently verify the Oil and Gas Reserves and Resources in accordance with classification requirements in compliance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook (“COGEH”). Accordingly, as the Reserves and Resources for ex-PEL 91 and ex-PEL 106 reported by Beach are not necessarily compliant with NI 51-101 Canadian reporting requirements, and as such should not be relied upon. In addition, the Beach release refers to Barrels of Oil Equivalent (“BOE”). In accordance with Section 5.14(d) of NI 51-101 for Canadian reporting purposes this disclosure must note that the term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mdf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead where the Company’s royalty is calculated.

The Company continues to strongly encourage shareholders and potential investors to access information released independently by Beach, Drillsearch and Santos in order to keep current during the exploration and development of these licences.

#### *Chu Chua*

On August 22, 2014, the Company reported that pursuant to a British Columbia Securities Commission (“BCSC”) review, it filed an amended National Instrument 43-101 (“NI 43-101”) on Chu Chua in central British Columbia, as prepared by Apex Geoscience Ltd. A copy of the amended technical report is available under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company’s website ([www.newport-exploration.com](http://www.newport-exploration.com)).

The purpose of the amended technical report is revised grade ‘cut-off’ tables to provide clarity, a revised author’s certificate, additional text clarifying the block modelling of resources, additional clarification of drill hole spacing, and revised table numbering and pagination to provide further clarity for readers.

The revisions do not result in any changes to the resource estimates at Chu Chua.

#### *Normal Course Issuer Bid*

During the year ended July 31, 2015, the Company announced that TSX Venture Exchange approval to make a normal course issuer bid (“NCIB”) for up to 4,025,444 shares of the Company over a period of one year (the “Bid Period”) representing 5% of the Company’s outstanding common shares until August 31, 2015 or until such time the Company acquired the common shares available under the NCIB policy. NCIB purchases will only be made on the TSX Venture Exchange as open market transactions conducted at the market price at the time of acquisition. PI Financial Corp is the broker for NCIB transactions and all share purchase transactions will be subsequently cancelled from the issued and outstanding shares of the Company. On August 25, 2015, the NCIB was renewed through to August 31, 2016 or until such time the Company has acquired the common shares available under the NCIB policy.

The Company believes its shares are currently undervalued and that the repurchase of its shares is an appropriate use of corporate funds.

During the year ended July 31, 2015, the Company repurchased, and cancelled, 2,229,000 shares of the Company for \$786,373. There were no shares purchased subsequent to July 31, 2015.

### ***Results of Operations***

During the three months ended October 31, 2015 (the “current period”), the Company recorded net income of \$592,827 compared to net income of \$1,762,403 for the three months ended October 31, 2014 (the “comparative period”). The significant changes during the current period compared to the comparative period, are as follows:

- The Company recorded income of \$1,295,078 from its Royalty on certain exploration licences in Australia during the current period, a decrease from \$2,159,139 earned during the comparative period. The decrease is a result of a decrease in petroleum prices.
- Income tax expense of \$388,523 was recorded during the current period, a decrease from \$492,740 during the comparative period. The decrease is a result of a decrease in net income, offset by a change in tax rates as the Company is now subject to Australian taxes.
- Income tax recovery of \$353,990 was recorded during the comparative period as a result of a change in estimates relating to certain tax credits the Company had accumulated from earlier operations in Australia. No such transaction took place in the current period.
- A foreign exchange gain of \$77,406 was recorded during the current period compared to a foreign exchange loss of \$55,260 recorded during the comparative period. The change was due to fluctuation between the Australian dollar (the currency in which the Company receives its Royalty income, and now pays its Australian taxes) and the Canadian dollar.
- Professional fees decreased to \$63,601 during the current period compared to \$154,403 for the comparative period. The decrease is the result of legal fees incurred in the comparative period relating to a possible class action lawsuit filed against the Company (see Contingencies below).

### ***Liquidity and Capital Resources***

The Company’s working capital position at October 31, 2015 was \$13,884,871 as compared to a working capital position of \$13,073,787 at July 31, 2015. As at October 31, 2015, the Company held cash and equivalents of \$744,928 (July 31, 2015 - \$909,371), receivables of \$4,016,956 (July 31, 2015 - \$2,943,389) and short-term investments of \$12,016,541 (July 31, 2015 - \$11,910,544). The change in cash and equivalents is primarily a result of the \$119,944 used in operating activities and \$44,500 used in investing activities.

As at October 31, 2015, the Company had current assets of \$19,854,564 (July 31, 2015 - \$18,841,411), total assets of \$21,938,567 (July 31, 2015 - \$20,925,677) and total liabilities of \$5,969,693 (July 31, 2015 - \$5,767,624) and no long-term debt.

The principal assets of the Company are cash and equivalents, royalty receivable, short-term investments and an exploration and evaluation asset.

The Company will be able to meet its expected operating and exploration expenditures through to the end of its 2016 fiscal year end.

The Company has historically financed its operations to date primarily through the issuance of common shares and the exercise of stock options and share purchase warrants and, recently, royalty income received. The Company may seek capital through various means including the issuance of equity and/or debt in the future.

**Commitments**

The Company has management and consulting contracts with companies having a director and officer in common. The Company pays the companies a combined total of \$27,500 per month. These contracts remain in force on a continuous basis and can be terminated by the Company with 90 days written notice. If termination of services of either or both companies is without cause, the Company will be obligated to pay 36 months of service fees to the companies.

**Quarterly Financial Information**

	Three Months Ended October 31, 2015	Three Months Ended July 31, 2015	Three Months Ended April 30, 2015	Three Months Ended January 31, 2015
Total assets	\$ 21,938,567	\$ 20,925,677	\$ 16,345,244	\$ 23,462,706
Working capital	13,884,871	13,073,787	13,956,111	20,883,482
Net income (loss) for the period	592,827	(882,719)	633,801	738,818
Earnings (loss) per share – basic	0.01	(0.01)	0.01	0.01
Earnings (loss) per share – diluted	0.01	(0.02)	0.01	0.01

	Three Months Ended October 31, 2014	Three Months Ended July 31, 2014	Three Months Ended April 30, 2014	Three Months Ended January 31, 2014
Total assets	\$ 22,831,589	\$ 23,351,086	\$ 20,078,603	\$ 14,950,966
Working capital	20,145,610	18,637,204	16,084,913	12,832,326
Net income for the period	1,762,404	2,557,859	2,246,164	2,276,944
Earnings per share – basic	0.02	0.03	0.03	0.04
Earnings per share – diluted	0.02	0.01	0.03	0.04

The discussion below does not provide an analysis on future trends of the Company's Royalty income. As the Company has no knowledge of, or the ability to predict, any future income from its Royalty, it can only report on the factual quarterly receipts and historic receipts. Outside of the public information disclosed by the underlying petroleum producers (Beach, Drillsearch and Santos), the Company has no additional information to analyse, and without meaningful data, it is unable to provide a supported and rational analysis of the prospects of potential future Royalty payments.

**Fiscal 2016**

During the three months ended October 31, 2015, the Company recorded net income of \$592,827. This amount is derived from Royalty income of \$1,295,078, and interest income of \$72,201, offset by operating expenses of \$385,929 and income taxes of \$388,523. The increase in income from the previous quarter's net loss is primarily due to a decrease in income taxes of \$1,971,278, offset by a decrease in Royalty income of \$406,259.

### ***Fiscal 2015***

During the three months ended July 31, 2015, the Company recorded a net loss of \$882,719. This amount is derived from Royalty income of \$1,701,337, and interest income of \$66,146, offset by operating expenses of \$290,401 and income taxes of \$2,359,801. The increase in loss from the previous quarter's net income is primarily due to an increase of \$2,359,801 of income taxes, offset by an increase of \$623,731 in Royalty income.

During the three months ended April 30, 2015, the Company recorded net income of \$633,801. This amount is derived from Royalty income of \$1,077,606, and interest income of \$11,913, offset by operating expenses of \$232,892 and income tax expense of \$222,826. The decrease in net income from the previous quarter is primarily due to a decrease of \$656,686 in Royalty income, offset by an decrease in operating expenses of \$465,385. The decrease in operating expenses is mainly a result of \$nil share-based payments expense, compared to \$392,572 during the three months ended January 31, 2015.

During the three months ended January 31, 2015, the Company recorded net income of \$738,818. This amount is derived from Royalty income of \$1,734,292, and interest income of \$93,015, offset by operating expenses of \$698,277 and income tax expense of \$390,212. The decrease in net income from the previous quarter is primarily due to a decrease of \$424,847 in Royalty income received and an increase in share-based payments expense of \$392,572.

During the three months ended October 31, 2014, the Company recorded net income of \$1,762,404. This amount is derived from Royalty income of \$2,159,139, income tax recovery of \$353,990 and interest income of \$90,997, offset by operating expenses of \$348,982 and income tax expense of \$492,740. During the previous quarter, the Company recorded net income of \$2,557,859. The difference was primarily due to a decrease of \$1,319,215 in petroleum royalty income received and, an increase in professional fees, offset by an income tax recovery of \$353,990. The increase in professional fees is a result of the Company incurring legal fees relating to tax treatment of its Royalty income and for the Notice of Civil claim brought against the Company (subsequently dismissed).

### ***Fiscal 2014***

During the three months ended July 31, 2014, the Company recorded net income of \$2,557,859. This amount is derived from Royalty income of \$3,478,353 and interest income of \$75,221, offset by operating expenses of \$325,715 and income tax expense of \$670,000. During the previous quarter, the Company recorded net income of \$2,246,164. The difference was primarily due to a \$477,019 increase in petroleum royalty income received, offset by an increase in income tax expense of \$140,800 and an increase in operating expenses of \$214,344 during the three months ended July 31, 2014. The increase in operating expenses was primarily due to the Company accruing \$18,000 in professional fees for its annual audit, plus an increase in legal fees relating to tax treatment of its Royalty income.

During the three months ended April 30, 2014, the Company recorded net income of \$2,246,164. This amount derived from Royalty income of \$3,001,334, interest income of \$54,201, less operating expenses of \$111,371 and income tax expense of \$698,000. During the previous quarter, the Company recorded net income of \$2,276,944. This amount derived from Royalty income of \$3,704,296, interest income of \$34,746, less operating expenses of \$492,098 and income tax expense of \$970,000. The difference was primarily due to Royalty income received during the three months ended April 30, 2014, offset by a decrease in income tax expense. The decrease was offset by an increase in share-based payment expense of \$253,397, a non-cash expense, recorded in the previous quarter for the grant of six million stock options.

During the three months ended January 31, 2014, the Company recorded net income of \$2,276,944. This amount derived from Royalty income of \$3,704,296, interest income of \$34,746 less operating expenses of \$492,098 and income tax expense of \$970,000. During the previous quarter, the Company recorded net income of \$2,715,827. This amount derived from Royalty income of \$2,936,668, interest income of \$27,942 less operating expenses of \$30,783 and income tax expense of \$218,000. The difference was primarily due to an increase in Royalty income accrued in the current quarter offset by an increase in income tax expense as the Company utilized all of its tax allowances in the prior quarter. The difference in operating expenses was due to a foreign exchange loss between the Canadian dollar and the Australian dollar in the current quarter of \$37,343 compared to a foreign exchange gain of \$113,889 in the prior quarter. In addition, the Company incurred share-based compensation expense, a non-cash expense in the amount of \$253,397 in the current quarter attributable to the grant of six million stock options.

***Related Party Transactions***

During the three months ended October 31, 2015, the Company entered into the following transactions with related parties:

- a) Paid consulting fees of \$45,000 (2014 - \$45,000) to a company controlled by a director of the Company.
- b) Paid management fees of \$37,500 (2014 - \$37,500) to a company controlled by a director of the Company.
- c) Paid rent of \$14,050 (2014 - \$18,150) to a company controlled by a director of the Company.
- d) Paid or accrued directors' fees of \$10,000 (2014 - \$10,000) to two directors of the Company.
- e) Paid professional fees of \$2,380 (2014 - \$42,740) to a legal firm of which an officer of the Company is a partner.
- f) Recorded share-based payment expense of \$176,072 (2014 - \$Nil) in conjunction with the granting of stock options to directors and officers of the Company.

As at October 31, 2015, accounts payable and accrued liabilities included \$7,778 (July 31, 2015 - \$6,946) owing to directors of the Company and to a legal firm of which an officer of the Company is a partner.

Key management personnel compensation disclosed above (consisting of the CEO and CFO):

	October 31, 2015	October 31, 2014
Fees for services	\$ 82,500	\$ 82,500
Share-based payments	\$ 100,613	\$ -

***Financial and Capital Risk Management***

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The following is an analysis of the Company's financial instruments measured using the fair value hierarchy as at October 31, 2015 and July 31, 2015:

	As at October 31, 2015		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 744,928	\$ -	\$ -
Short-term investments	\$ 12,016,541	\$ -	\$ -

  

	As at July 31, 2015		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 909,372	\$ -	\$ -
Short-term investments	\$ 11,910,544	\$ -	\$ -

### Financial risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because instruments are due primarily from government agencies and cash and short-term investments are held with reputable Canadian financial institutions.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at October 31, 2015, the Company had a cash and equivalents balance of \$744,928 (July 31, 2015 - \$909,372) and short-term investments of \$12,016,541 (July 31, 2015 - \$11,910,544) to settle current liabilities of \$5,969,693 (July 31, 2015 - \$5,767,624). To maintain liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1 of the October 31, 2015 condensed interim financial statements, there can be no assurance these efforts will be successful in the future. All of the Company's financial liabilities are subject to normal trade terms.

#### *Market risk*

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

##### a) Interest rate risk

The Company has cash and equivalents balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect of a 1% change in interest rates on the Company's short-term investments is approximately \$120,000.

b) Foreign currency risk

The Company is exposed to foreign currency risk with respect to its Royalty income which is denominated in Australian dollars. The net effect of a 1% change in exchange rates between the Australian dollar and Canadian dollar foreign exchange on the Company's Royalty receivable is approximately \$19,000. The Company does not currently hedge exchange risk. The majority of its expenditures are denominated in Canadian dollars.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the amount of any possible Royalty payment received and the economics of development of the Company's mineral property. The Company closely monitors commodity prices.

***Capital Management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company monitors its expenditures against its available capital.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

***Adoption of Accounting Standards***

The following standards and amendments to existing standards have been adopted by the Company commencing August 1, 2015:

The Company adopted the "Amendment to IFRS 7 Financial Instruments: Disclosure". There were no adjustments required on the adoption of this amendment.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

***Future Accounting Pronouncements***

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements:

- i) IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.

### ***Risk, Uncertainties and Outlook***

As a company active in the mineral resource acquisition and exploration industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and may need to access the capital markets to finance its activities.

The Company has no ability to determine the quantum or sustainability of future royalty payments from its oil and gas interests in Australia over which the Company has a 2.5% gross overriding royalty. Where royalties received on incidental production from exploration/appraisal wells, such royalties are treated by the Company as fortuitous cash receipts. In the absence of detailed technical information such as sales prices, well costs, initial flow rates, decline rates, transport infrastructure, capacity availability, water cuts or netbacks with which to forecast well economics and potential production over time, no guidance can be provided with respect to any potential future royalty receipts.

Furthermore, there is also the uncertainty as to the Operators' planning of future production in and around the licences in which the Company has royalty interests (including the potential shut-in of producing appraisal wells or the installation of production infrastructure). The Company has no information on the production plans of the Operators and has no input into them.

Until such time as the Company can clearly determine that there is a degree of certainty with respect to royalty derived revenues, it cannot predict the prospects for future revenue. Accordingly, the receipts of royalty payments should not be treated as indicative of additional near-term revenue or any future revenues until the Company has appropriate information to support or validate this.

There can be no assurances the Company will continue to receive future petroleum royalties or be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out exploration programs.

The Company is reliant upon its existing management, and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is intense competition within the resource industry to acquire properties of merit, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if desirable properties are secured, there can be no assurances that the Company will be able to execute its exploration programs on its proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure, such as the availability of essential supplies and services.

The Company's future exploration activities may require permits from various governmental agencies charged with administering laws and regulations governing exploration, labor standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant

additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

### ***Off Balance Sheet Arrangements***

The Company has no off-balance sheet arrangements or commitments as of the date of this MD&A.

### ***Contingencies***

The Company is not aware of any contingencies or pending legal proceedings against the Company as of the date of this MD&A.

### ***Legal Proceedings***

Subsequent to October 31, 2015, the Company commenced legal proceedings against Beach and Great Artesian Oil and Gas Pty Ltd (“GAOG”), as Beach and GAOG have, in Newport’s view, improperly and without any valid reason, refused to make the outstanding Royalty payments in the order of AUD \$4,265,942 due to the Company for the months of February 2015 to October 2015 despite resolution of the withholding tax issue. Notwithstanding the receipt of the Royalty payments (see ***Royalty Income***), the Company reserves the right to continue to pursue its legal proceedings.

### ***Proposed Transactions***

The Company has not entered into any proposed transactions as of the date of this MD&A.

### ***Investor Relations***

The Company has not entered into any investor relations agreements as of the date of this MD&A.

### ***Royalty Income***

On November 30, 2015, the Company was notified its 2.5% gross overriding petroleum royalty income for the first quarter of fiscal 2016 was a total of \$1,295,078 (AUD \$1,369,873).

Subsequent to October 31, 2015, the Australian Tax Office (“ATO”) ruled that the Company’s Royalty income is taxable in Australia and, as such, the Company will have 30% of its Royalty withheld by Beach, for which Beach is required to remit to the ATO. The Company will now file annual tax returns in Australia and amend its Canadian tax returns and apply for a refund of taxes previously remitted to the CRA in the amount of \$3,072,837.

On December 14, 2015, the Company received AUD \$3,864,883 from Beach, which represents its Royalty receivable of \$3,978,844 (AUD \$4,265,942), less 30% withholding tax payable of AUD \$410,962, plus interest income of AUD \$9,903.

### ***Option Grant***

On October 9, 2015, the Company granted 1,300,000 stock options to directors, officers and employees of the Company, exercisable at \$0.255 per share until October 8, 2020.

### ***Warrant Exercise***

On December 3, 2015, 3,900,000 warrants were exercised, for gross proceeds of \$546,000.

### ***Special Dividend***

On March 19, 2015, the Company announced that it had declared a special cash dividend of \$0.10 per share to the holders of the Company's common shares. The dividend has been designated as an "eligible dividend" for Canadian income tax purposes. The Company paid a total dividend of \$8,838,067 to shareholders of record as of April 2, 2015.

### ***Current Share Data***

As at December 22, 2015, the Company had 92,329,874 common shares outstanding and the following outstanding options and warrants:

#### ***Outstanding Options:***

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
5,800,000	\$0.05	December 19, 2018
1,700,000	\$0.335	December 13, 2019
1,300,000	\$0.255	October 8, 2020

#### ***Outstanding Warrants:***

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
6,000,000	\$0.14	March 7, 2019

### ***Disclaimer***

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure document provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

### ***Cautionary Statement on Forward-Looking Information***

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirements for obtaining permits and licences for the Company's operations in the jurisdictions in which it operates.