GOLDEN HOPE
MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2016 and 2015

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of results of operations and financial condition of Golden Hope Mines Limited ("Golden Hope" or "the Company") describes the operating and financial results of the Company for the three-month period ended March 31, 2016 and 2015. Therefore, this discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements as at March 31, 2016 and notes thereto, as well as the audited consolidated financial statements and notes thereto and the MD&A for the year ended December 30, 2015.

Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet such expectations of management. The use of any of the words "believe", "expect", "estimate", "will", "should", "intend" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes these expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements should not be unduly relied upon. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A and, accordingly, is subject to change after such date. We expressly disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

Date of MD&A

This MD&A was prepared using information that is current as at May 26, 2016, unless otherwise stated.

Company Overview

Golden Hope Mines Limited is focused on growing shareholder value through the acquisition, exploration, and development of potential gold and base metal projects with both underground and open-pit mining potential. Golden Hope's projects are located in the Bellechasse/Beauce Region of Southeastern Quebec, Canada. These projects include a number of geological targets hosted within distinct geological settings. These projects include the Company's flagship project, the Bellechasse-Timmins gold deposit. The Company intends to develop this project, located in an under-developed and under-explored region of one of the world's friendliest mining jurisdictions with excellent access and low cost infrastructure.

First quarter of 2016 Highlights

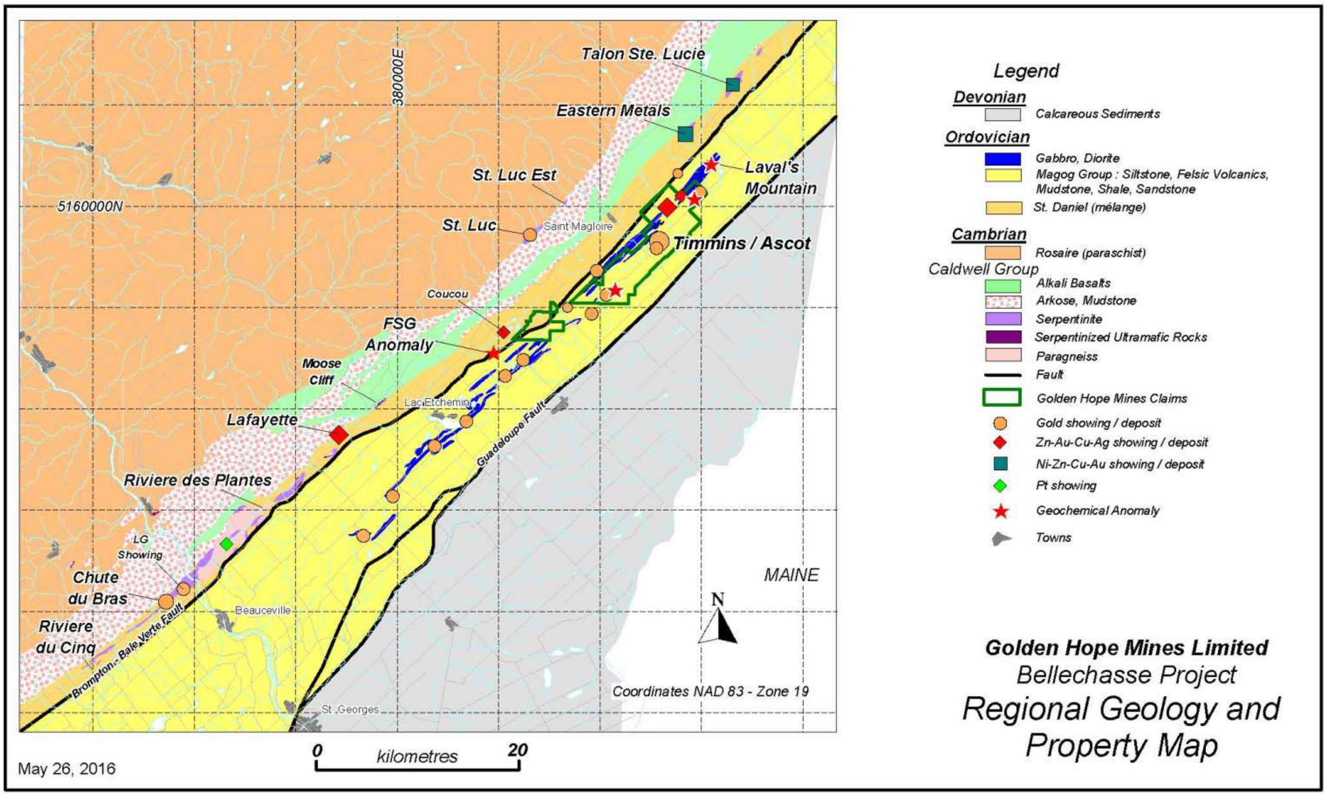
- In March 2016, the Company received $4,223 in mining tax credits.

- In March 2016 the Company settled the legal proceeding that was instituted against it by one of its shareholders during the year ended December 31, 2013. The settlement resulted in no cost to the Company. Accordingly, no amounts were required to be provided for in the financial statements.

DISCUSSION OF OPERATIONS

Bellechasse property

The 100% owned Bellechasse property is located approximately 90 kilometres south east of Quebec City within the northern part of the Appalachian range of mountains. The property consists of approximately 138 claims totaling 5,036 hectares. The Quebec property covers an area of continental collision in which transform faulting is common. Locally, this collision terrain is part of the Appalachian Mountain fold belt. Widespread gold mineralization has historically been found between Bellechasse and west of the Chaudière River. Mineralization with potential economic interest is hosted in zones of fracturing and brecciation in the older intrusives or other pre-existing competent rocks in structural features related to regional trans-current/transform faults.



The Bellechasse Belt currently includes three main areas of interest:

- Bellechasse-Timmins (incl.; T1, T2, 88, and Ascot/Road Zones)
- The Beland anomaly (approx. 6.2 kms southwest of Bellechasse-Timmins)
- Champagne Zone, a partially explored gold and base metal deposit

On June 18, 2012 the Company announced its inaugural NI 43-101 resource estimate. Since the publication of the full report in August of 2012, the Company has looked at a variety of options to take the project to the next stage of development. The current option being advanced for the development of Bellechasse-Timmins is the Definitive Option and Joint Venture Agreement with UBR described above.

<u>Bellechasse-Timmins Gold Deposit</u>

The Bellechasse-Timmins gold zone is hosted by an early diorite intrusive emplaced in Lower Palaeozoic sediments of southeastern Quebec. Gold was first confirmed in the Bellechasse area in 1950, at which time the Ascot and Timmins 1 (T1) zones were discovered.

A third mineralized body was indicated by shallow diamond drilling in 1952 and referred to as the Timmins South Zone (now called Timmins 2 or T2). Due to thick overburden, trenching did not reach bedrock and the mineralized zone was not exposed. Little subsequent work was done until the current management and technical team began further exploration work in the fall of 2006.

<u>The Champagne VMS</u>

In the fall of 2011, the Company engaged Geotech Limited to conduct a VTEM of the Bellechasse Belt around the Champagne deposit. At the beginning of the 2012 exploration season, the Company drilled the historically known Champagne deposit by twinning some of the historical holes in order to confirm the resource. The results of the campaign published in April 2012 revealed that the mineralization is indeed present although the tonnage had not been confirmed. Additionally some exploration holes were drilled in an attempt to locate another Champagne style mineralization on the "Champagne Horizon". Although the signatures were strong in the areas where exploration holes were drilled, the results from these holes were not what management was expecting. The Company is actively considering ways to advance development of the Champagne deposit, including potentially through joint ventures.

Julian property

On July 2, 2015, the Company acquired from Michael Dehn (a director of the Company) and two prospectors a 100% right, title and interest in 16 claims (861 hectares) located in the Bellechasse/Beauce Region of southeastern Quebec. Under the Agreement, the Company paid $1,000 in cash and issued 500,000 of the Company's common shares (valued at $210,000 based on the price on September 17, 2015 when the shares were issued).

SUMMARY OF QUATERLY AND YEAR TO DATE RESULTS

Summary of Annual Results

The following tables set out financial performance highlights for the past three fiscal years.

	Year ended December 31, 2015	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Interest income	**-**	$2,205	$4,818
Operating expenses	**$410,096**	$292,165	$648,097
Total comprehensive income (loss)	**($474,592)**	($197,653)	$366,794
Income (loss) per share[1]	**($0.075)**	($0.042)	$0.079
Cash flow from (used in) operations	**(194,176)**	($226,865)	($494,350)
Cash & equivalents, end of year	**$62,236**	$43,061	$49,898
Assets	**$20,492,661**	$20,271,815	$20,533,054
Long-Term liabilities	**$1,270,090**	$1,149,300	$1,165,670
Dividends	**$0**	$0	$0

(1) Adjusted to reflect a 30:1 share consolidation completed on December 1, 2014.

This selected annual information should be read in conjunction with the audited financial statements filed on www.sedar.com for the year ended December 31, 2015.

RESULTS OF OPERATIONS

Results of Operations for the three-month period ended March 31, 2016

The comments below provide an analysis of the operating results for the three-month period ended March 31, 2016. The selected financial information shown below is taken from the condensed unaudited interim consolidated financial statements for each of the three-month periods indicated.

The Company recorded a net loss for the three-month period ended March 31, 2016 of $32,337 compared to $35,929 for the three-month period ended March 31, 2015.

FINANCIAL HIGHLIGHTS

	March 31 (3 months)	
	2016	**2015**
Revenues	$ -	$ -
Shareholders' information	**2,993**	4,192
Legal, financial and other corporate expenses	**29,125**	30,324
Travel	**1,577**	1,666
General administrative expenses	**10,536**	11,990
Share-based compensation	-	364
Depreciation	**321**	330
Loss before income taxes	$ **(44,552)**	$ (48,866)
Deferred tax	$ **(12,215)**	$ (12,937)
Net loss and comprehensive loss	$ **(32,337)**	$ (35,929)
Cash & cash equivalents	$ **32,128**	$ 47,281

Shareholders' Information

Shareholders' Information expenses consist of fees paid for website maintenance, SEDAR filings, annual meeting materials, dissemination of press releases and trade shows. The decrease of $1,199 from the previous period was due transfer agent fees.

Legal, Financial and Other Corporate Expenses

Legal, Financial and Other Corporate expenses were $29,125 for the three-month period ended March 31, 2016, compared to $30,324 for the three-month period ended March 31, 2015. The decrease of $1,199 is mainly due to the reimbursement by the insurance company of legal fees related to legal proceedings instituted against the Company and its Board of Directors (see below), somewhat offset by an increase of professional and consultant fees.

In March 2016 the Company settled the legal proceeding that was instituted against it by one of its shareholders during the year ended December 31, 2013. The settlement resulted in no cost to the Company. Accordingly, no amounts were required to be provided for in the financial statements.

General administrative expenses

General administrative expenses were $10,536 for the three-month period ended March 31, 3016 compared to $11,990 for the three-month period ended March 31, 2015. The change from the previous period was due to office rental expenses who decreased.

Share-based compensation

Share-based compensation expenses relate to stock options granted. The calculation of this non-cash expense is based on the fair value of the stock options granted, amortized over the vesting period of the option using the graded vesting method. The Company uses the Black-Scholes model to calculate the compensation expense.

The 2015 expenses represent vesting of previously issued stock options.

The selected financial information below was taken from Golden Hope Mines' unaudited interim financial statements for each of the following quarters:

	Q1 March 31, 2016	Q4 December 31, 2015	Q3 September 30, 2015	Q2 June 30, 2015	Q1 March 31, 2015	Q4 December 31, 2014	Q3 September 30, 2014	Q2 June 30, 2014
Interest income	$0	$0	$0	$0	$0	$0	$0	$2,133
Operations expenses	$44,552	$79,626	$231,707	$49,897	$48,866	$95,576	($20,538)	$126,181
Total comprehensive income (loss)	($32,337)	($224,621)	($217,362)	$3,320	($35,929)	($92,752)	$5,799	($44,042)
Net income (loss) per common share (1)	($0.004)	$0.001	$0.001	($0.001)	($0.001)	($0.020)	$0.001	($0.009)
Cash flow from (used in) operations	($33,792)	$23,324	($52,917)	($185,287)	$20,704	$4,375	($111,198)	($56,791)
Cash & cash equivalents, end of period	$32,128	$62,236	$70,123	$127,680	$47,281	$43,061	$45,898	$29,530
Assets	$20,459,816	$20,492,661	$20,277,877	$20,340,369	$20,289,334	$20,271,815	$20,300,992	$20,422,416
Long-Term liabilities	$1,257,875	$1,270,090	$1,068,801	$1,083,146	$1,136,363	$1,149,300	$1,152,124	$1,137,385
Dividends	$0	$0	$0	$0	$0	$0	$0	$0

(1) Adjusted to reflect a 30:1 share consolidation completed on December 1, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Financings

The Company will look to add to its treasury, whenever necessary, through additional financing efforts so as to continue working on its exploration program.

The Company defines capital as shareholders' equity. The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and
- utilize short term funding sources to manage its working capital requirements.

The Company has no externally imposed restrictions on capital.

As at March 31, 2016 the Company's cash and cash equivalents were $32,128. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. In order to continue its operations, the Company will have to find additional financing and despite the fact it has been successful in the past at raising funds, there can be no assurance the Company will be able to secure financing in the future or that these sources of funding will be available. There is a significant risk that the Company will be unable to secure further financing.

Cash Flow Information

CASH FLOWS

	March 31 (3 months) 2016	2015
Operating activities	$ **(33,792)**	$ 20,704
Investing activities	$ **3,684**	$ (16,484)
	$ **(30,108)**	$ 4,220
Cash & cash equivalents	$ **32,128**	$ 47,281

Operations Activities:

During the period ended March 31, 2016, funds used for operating activities were spent primarily on improving operations and promotion of the Company.

Financing Activities:

During the period ended March 31, 2016, the Company's had no financing activities.

Disclosure of Outstanding Share Capital as at March 31, 2016.

(a) Share Capital

	2016		2015	
	Number	**Amount $**	Number	Amount $
Balance, beginning of period	**7,758,899**	**27,599,937**	4,700,899	27,217,579
Balance, end of period	**7,758,899**	**27,599,937**	4,700,899	27,217,579

(b) Warrants

At March 31, 2016, the following exercisable warrants were outstanding:

Warrants	**Price**	**Expiry**
1,308,000	0.25	May 4, 2017
95,440	0.10	May 4, 2017
700,000	0.25	June 3, 2017
56,000	0.10	June 3, 2017
2,159,440		

(c) Options

At March 31, 2016, the following exercisable stock options were outstanding:

Options	**Exercisable**	**Price**	**Expiry**
49,500	49,500	3.90	June 30, 2016
36,666	36,666	3.60	August 16, 2017
10,000	10,000	3.00	December 4, 2017
10,000	10,000	2.10	September 27, 2018
430,000	430,000	0.50	July 10, 2020
536,166	536,166		

Investing Activities:

During the period ended March 31, 2016, investing activities consisted primarily of exploration expenditures and the receipt of a tax credit related to resources.

The nature of the exploration expenditures were as follows:

EXPLORATION AND EVALUATION ASSETS

	March 31	
	2016	2015
Balance, beginning of period	**$ 20,332,000**	$ 20,091,136
Add:		
Technical team and geologists	-	8,288
Other exploration and evaluation expenses	**539**	8,196
	539	16,484
Balance, before deduction	**20,332,539**	20,107,620
Tax credit related to resources and mining tax credit	**2,410**	5,566
	2,410	5,566
Balance, end of period	**$ 20,330,129**	$ 20,102,054

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

The Company has no off-balance sheet arrangements.

Commitments

Under rules established by the Ministère de l'Énergie et Ressources naturelles of the province of Québec, the Company is required to spend the amount of approximately $7,847, $0 and $7,847 to maintain the claims on the properties in 2016, 2017 and 2018 respectively.

In addition, the Company has the following royalty commitments resulting from past transactions:

* Net profit royalty of 5% on net profits greater than $250,000 for 4 claims acquired from La Société Minière Colmo.

* Net smelter royalty of 2% for 26 claims acquired from a prospector in 2010.

On September 2, 2015, the Company retained the services of Venture Liquidity Providers Inc. ("VLP") to initiate its market-making service to provide assistance in maintaining an orderly trading market for the common shares of the Company. For its services, the Company has agreed to pay $5,000 per month for a period of 12 months. The agreement may be terminated at any time by the Company or VLP.

RELATED PARTY TRANSACTIONS

During the three-month period ended March 31, 2016, no professional fees were incurred (a credit of $5,240 in 2015), with a law firm of which a former director of the Company is an associate. In relation with these transactions, no amount was payable as at March 31, 2016 ($108,045 in 2015).

During the three-month period ended March 31, 2016, the Company incurred professional fees in the amount of $5,135 ($6,461 in 2015), to the Chief Financial Officer of the Company. In relation with these transactions, no amount was payable as at March 31, 2016.

In July 2015, the Company signed a Mineral Property purchase agreement to acquire a 100% interest in the Julian property from several individuals, including Michael Dehn who owned 40% of the property. Under this agreement, the Company paid to Mr. Dehn $400 in cash and issued 200,000 common shares.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing its financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management. Information about critical judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Judgments

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's ability to continue as a going concern.

Exploration and evaluation assets

Even though the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Impairment of non-financial assets

The Company's evaluation of the recoverable amount with respect to non-financial assets is based on numerous assumptions and may differ significantly from actual fair values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values.

The Company's estimates of recoverable amount are based on numerous assumptions. Those estimates may differ from actual values, and the differences may be significant and could have a material impact on the Company's financial position and results of operations. Assets are reviewed for an indication of impairment at each statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and significant drop in commodity prices.

Identification of CGUs

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The classification of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, shares infrastructures, and the way in which management monitors the Company's operations.

Valuation of tax credits and credits on duties

The Company is entitled to tax credits and credits on duties on qualified mining exploration expenses incurred in the province of Québec. Management's judgement is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates it has reasonable assurance that the tax credits will be realized.

Estimates

Estimate of the fair value of share based compensation including the estimate of the life of the share options and the volatility of the shares

The fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the share options at the grant date is based on the legal life of the share options and the historical exercise pattern of option holders. Management also estimates the expected forfeitures in calculating the fair value of each option. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of the Company's share price over the expected term of the options granted. Historical volatility is revised whenever facts and circumstances indicate that the historical volatility is no longer appropriate. Such facts and circumstances include but are not limited to the Company entering a new phase of mining activity, the development of new technologies, changes to the financial position of the Company, and when the spread between market participants volatility data, derived from the calculation of the fair value of financial instruments and equity instruments issued by the Company, is significant. If management estimates that historical volatility requires an adjustment, the Company also takes into consideration the historical volatility of comparable companies at similar stages of development as the Company as well as the volatility estimates derived from the fair value calculation of financial instruments and equity instruments in periods when this information is available.

Useful lives of property

The Company estimates the useful life of property based on the period over which the assets are expected to be available for use. The estimated useful life of property is reviewed periodically and is updated if expectations differ from previous estimates due to physical wear and tear and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful life of property is based on management's experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of the property would increase the recorded expenses and decrease the non-current assets. Useful life, depreciation rates and residual values are reviewed at least annually as required by IFRS.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from an audit by taxation authorities, Where the financial outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in such determination is made.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and highly-liquid short-term investments initially maturing within three months of their acquisition date.

Property

The property is recognized at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a declining balance basis to reduce the cost to the estimated residual value of the property. The depreciation period for the building is declining balance at 4%.

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end. Gains or losses arising on the disposal of property is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of comprehensive loss.

Exploration and evaluation assets

The Company records and carries its interest in exploration and evaluation assets at cost less impairment losses and tax credits. These capitalized costs include the direct costs of acquisition, exploration and the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. No depreciation charge is recognized in respect of these assets. These assets are transferred to mine development costs in property, plant and equipment upon the commencement of mine development, as outlined below.

Exploration and evaluation expenditures in the relevant area of interest comprise costs which are directly attributable to:

- Acquisition of rights to explore;
- Researching and analyzing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Compiling pre-feasibility and feasibility studies.

Exploration and evaluation assets are assessed for impairment when the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

The Company's criterion for testing impairment includes, but is not limited to, when:

a) Exploration rights for a specific area expired or are expected to expire in the near future and these rights are not expected to be renewed.

b) Substantive expenditures on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;

c) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

d) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is likely to be recovered in full from successful development or by sale.

When an impairment test is performed and, as a result of this test, it is determined that the carrying amount of an exploration and evaluation asset exceeds its recoverable amount a provision is made for the decline in value and charged against operations in the year.

Taxation

Tax expense comprises current and deferred tax. Tax is recognized in the statements of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities:

a) are generally recognized for all taxable temporary differences; and
b) are recognized for taxable temporary differences arising on mining assets, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

a) are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
b) are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share based compensation

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. The Company also provides for an estimate of the forfeiture rates in determining the total stock based compensation expense.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statements of comprehensive (loss) income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statements of comprehensive (loss) income is charged with the fair value of goods and services received.

Warrants

The Company measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk-free interest rate. The fair value of warrants issued to agents in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus.

When the Company issues units under a private placement comprising common shares and warrants, it follows the fair value method of accounting for these warrants. Under this method, the fair value of warrants issued is estimated using the Black-Scholes option price model. The fair value is allocated to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. Proceeds from issuance are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the market price of the existing shares and the amount the investor pays for the flow-through shares. A liability is recognized for this difference and is recorded as a flow-through share premium liability on the statement of financial position. The liability is reversed when the qualifying expenditure is incurred and a deferred tax liability is recognized at that time. Income tax expense is the difference between the amount of the deferred tax liability and the flow-through share premium liability recognized on issuance.

Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury stock method.

Tax credits and credits on duties receivable

The Company is eligible for a refundable credit on mining duties under the Quebec Mining Duties Act. This refundable credit on mining duties is for expenses incurred on mining activities in Quebec. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or rather to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, Income Taxes, which generates at the same time a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax bases following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future; accordingly, the credit on mining duties is recorded as a government grant under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, which is recorded against exploration and evaluation assets.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 35 % of the amount of eligible expenses incurred until June 4, 2014 and 28% thereafter and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits. They will be recognized in profit or loss on a systematic basis over the useful life of the related assets.

Segment reporting

The Company presents and discloses segment information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. In this regard, the Company conducts its business in a single operating segment being the acquisition, exploration and development of exploration properties.

Foreign currency translation

The monetary assets and liabilities of the Company denominated in foreign currencies are translated at the rate of exchange at the statements of financial position date. Revenues and expenses are translated at the average exchange rate prevailing during the period. Exchange gains or losses are included in comprehensive loss.

Financial assets

Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired:

Financial assets at fair value through profit or loss

Classification
Financial assets are classified at fair value through profit or loss if acquired principally for the purpose of selling in the short-term, such as financial assets held for trading, or if so designated by management. The Company does not hold financial assets in this category.

Recognition and measurement
Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the statements of comprehensive (loss) income. Transaction costs are expensed.

Loans and receivables

Classification
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Assets in this category include cash and cash equivalents, sales tax receivable and tax credits and credits on duties receivable and are classified as current assets in the statements of financial position.

Recognition and measurement
Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Available-for-sale financial assets

Classification
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in other non-current financial assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. The Company does not hold financial assets in this category.

Recognition and measurement
Investments are initially recognized at fair value plus transaction costs and are subsequently carried at fair value with changes in fair value recognized in other comprehensive (loss) income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are included in the statements of comprehensive loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Financial liabilities at fair value through profit or loss

Classification
Financial liabilities at fair value through profit or loss include financial liabilities that are held for trading (acquired for purpose of selling in the near term) or financial instruments that are so designated. The Company does not hold financial liabilities in this category.

Recognition and measurement
Financial liabilities are measured at fair value. Gains and losses on liabilities held-for-trading are recognized in the statements of comprehensive loss.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and are recognized in the statement of comprehensive loss.

Impairment of non-financial assets

The Company's non-financial assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss. An impairment loss recognized for goodwill is not reversed.

Reclamation Obligations

Estimated reclamation costs are based on legal, environmental and regulatory requirements. The costs of our active mining operations are accrued, on an undiscounted basis, as a production cost, on a unit-of-production method based on proven and probable reserves. We have made estimates of the final reclamation costs based on mine-closure plans approved by environmental agencies. We periodically review these estimates and update our reclamation cost estimates if assumptions change. Material assumptions that are made in deriving these estimates include variables such as mine life and inflation rates.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

IFRS 2 Share-based Payment

As part of the Annual Improvements to 2010 – 2012 cycle, the amendments to IFRS 2, issued by the International Accounting Standards Board (IASB) in December 2013, incorporated into Part I of the CPA Canada Handbook - Accounting by the Accounting Standards Board (AcSB) in March 2014, clarify the definition of “vesting conditions” and "market conditions", and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The adoption of this standard had no impact on the Company’s consolidated financial statements.

IFRS 8 Operating Segments

As part of the Annual Improvements to 2010 – 2012 cycle, the amendments to IFRS 8, issued by the International Accounting Standards Board (IASB) in December 2013, incorporated into Part I of the CPA Canada Handbook - Accounting by the Accounting Standards Board (AcSB) in March 2014, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The adoption of this standard had no impact on the Company’s consolidated financial statements.

IAS 24 Related Party Disclosures

As part of the Annual Improvements to 2010 – 2012 cycle, the amendments to IAS 24, issued by the International Accounting Standards Board (IASB) in December 2013, incorporated into Part I of the CPA Canada Handbook - Accounting by the Accounting Standards Board (AcSB) in March 2014, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The adoption of this standard had no impact on the Company’s consolidated financial statements.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial Instruments

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 (2014) as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This Standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). IFRS 9 (2014) supersedes all previous versions including IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, an entity may elect to apply those earlier versions of IFRS 9 instead of applying IFRS (2014) if, and only if, the entity’s relevant date of initial application is before February 1, 2015.

A brief overview of the previous versions of this Standard is as follows:

IFRS 9 (2009) introduced new requirements for classifying and measuring financial assets, as follows:

Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss

All other instruments including all derivatives are measured at fair value with changes recognized in the profit or loss. The concept of embedded derivatives does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

IFRS 9 (2009) was superseded by IFRS 9 (2010) and IFRS 9 (2013) but all standards remain available for application.

IFRS 9 (2010) incorporated revised requirements for the classification and measurement of financial liabilities, and carried over the existing de-recognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 (2010) superseded IFRS 9 (2009) and was superseded by IFRS 9 (2013) but all standards remain available for application.

IFRS 9 (2013) introduced hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. Also, IFRS 9 (2013) permitted an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss. IFRS 9 (2013) removed the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application. In February 2014, the IASB then tentatively decided to set January 1, 2018 as the effective date for the mandatory application of IFRS 9. IFRS 9 (2013) was superseded by IFRS 9 (2014) in July 2014 but all standards remain available for application. The Company is assessing the impact of these standards, if any, on the consolidated financial statements.

IFRS 16, Leases

Replaces the current guidance in IAS 17. The standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. For lessors, the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts). Management is currently reviewing the impact of the adoption of this standard and has yet to determine if it will have a material impact on the consolidated financial statements. This standard is effective for periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

Amendments to IAS 38, Intangible Assets and IAS 16, Property, Plant and Equipment

In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company is assessing the impact of these standards, if any, on the consolidated financial statements.

RISKS AND UNCERTAINTIES

Nature of Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will continue to be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the Company’s level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves. Whether a resource deposit will ultimately be commercially viable depends on a number of factors, including the particular attributes of the deposit such as the deposit’s size;

its proximity to existing infrastructure; financing costs and the prevailing prices for the applicable minerals. Development projects have no operating history upon which to base estimates of future cash operating costs.

Particularly for development projects, 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, it is possible that actual cash operating costs and economic returns could differ significantly from those estimated for a project before production. 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. The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative.

There can be no assurance that any funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, with or without the Share Consolidation, or that they can be secured on competitive terms.

Property Acquisition

On July 2, 2015, the Company announced a transaction whereby it is purchasing certain mineral claims in the area of its Bellechasse-Timmins Gold Deposit from Michael Dehn (a director of the Company) and two prospectors a 100% right, title and interest in 16 claims (861 hectares) located in the Bellechasse/Beauce Region of southeastern Quebec. Under the Agreement, the Company paid $1,000 in cash and issued 500,000 of the Company's common shares (valued at $210,000 based on the price on September 17, 2015 when the shares were issued).

Disclosure controls and procedures

Based on continual evaluations of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2016, the design and operation of these disclosure controls and procedures are effective at the reasonable assurance level to ensure that material information relating to the Company would be made known to them by others within the entity, particularly during the period in which the MD&A and the financial statements contained in this report were being prepared.

Internal controls over financial reporting

The Company's Chief Executive Officer and Chief Financial Officer have designed, or have caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The chief executive officer and chief financial officer concluded that there has been no change in the Company's internal control over financial reporting during the period ended March 31, 2016, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.