



Discovery Harbour Resources Corp.

Management Discussion and Analysis

For the period ending March 31, 2016

1.1 DATE OF REPORT May 06, 2016

1.2 OVERALL PERFORMANCE

General

The following Management Discussion and Analysis of Discovery Harbour Resources Corp. (“The Company”) (formerly CVC Cayman Ventures Corp.) has been prepared as of May 06, 2016, should be read in conjunction with the audited financial statements for the years ended September 30, 2015 and 2014 and related notes attached thereto, which are prepared in accordance with IFRS.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

The Company is a mineral exploration company building a diversified project/investment portfolio of quality assets in low to moderate risk jurisdictions. The Company has assembled a management team and Board of Directors with the knowledge and experience required to advance exploration successes through to development and production. The Company takes a broad view with respect to the acquisition of projects of merit. However, the methods employed to obtain an interest in or ownership of projects of significance is limited by the financial resources the Company can bring to bear on each project and its ability to negotiate acquisition agreements on reasonable terms.

Forward Looking Information

Certain statements in this Management Discussion and Analysis constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically containing statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose” or similar words suggesting future outcomes or statements regarding, and outlook. Forward-looking statements or information in this Management Discussion and Analysis include, but are not limited to, statements regarding:

- Business objectives, plans and strategies;
- Exploration objectives, plans and strategies; and,
- Certain geological interpretations and expectations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this Management Discussion and Analysis, assumptions have been made regarding, among other things:

- The ability of the Company to continue to fund its operations through financings, options and joint ventures;
- The ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;
- The level of exploration activities and opportunities;
- The ability of the Company to retain access and develop its mineral claims; and
- Current and future mineral commodity prices.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual

results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- The ability of management to execute objectives, plans and strategies;
- Exploration, development and operational risks inherent in the mining industry;
- Market conditions;
- Risks and uncertainties inherent in geology and exploration for deposits;
- Potential delays and changes in plans;
- The Company's ability to retain land tenure;
- Uncertainties regarding financings and funding;
- General economic and business conditions;
- Possibility of governmental policy changes;
- Changes in First Nations policies;
- Other risks and uncertainties described within this document.

The forward-looking statements or information contained in this Management Discussion and Analysis are made as of the date hereof and Discovery undertakes no obligation to update publically or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities law.

Significant Acquisitions and Dispositions

On February 12, 2015, the Company announced execution of a Letter of Intent for the sale of its fifty-one percent (51%) Participating Interest in the Wabassi Joint Venture to Great Lakes Resources LLC ("GLR"), for a One Million United States Dollars (US\$1,000,000) cash payment. GLR is a private company owned by Richard Gilliam, a Director and significant shareholder of the Company. GLR currently holds the remaining forty-nine percent (49%) Participating Interest in the Wabassi Joint Venture. The Wabassi project is a base and precious metals project located in northwestern Ontario that is comprised of 165 unpatented blocks of 2,640 claim units for a total of 38,720 hectares.

The sale of the Company's interest in the Wabassi Joint Venture was subject to, among other things, entry into a definitive agreement for the purchase and sale of the interest, approval of a majority of the disinterested shareholders of the Company, and approval of the TSX Venture Exchange. The Company did not pay any finder's fees in connection with this transaction. This transaction was closed on April 24, 2015.

Corporate Transactions

2Bar Copper/Silver Project – Nevada USA

On June 20, 2014, the Company entered into an Exploration License and Option to Purchase a 100% interest in 227.26 non-contiguous acres (91.97 hectares) of patented mining claims in Table Mountain Mining District, Churchill County, Nevada.

General terms of the Agreement are:

- The Company was granted a three year option with annual payment schedule of: (all amounts in US\$)

ANNIVERSARY

Upon Execution (June 20, 2014)
 First Anniversary (June 20, 2015)
 Second Anniversary (June 20, 2016)
 Third Anniversary-Purchase (June 20, 2017)
 Total Purchase Price

OPTION PAYMENT

\$50,000 (Paid)
 \$50,000 (Paid)
 \$50,000
\$2,100,000
 \$2,250,000 (less \$100,000.00 annual payments)

- The Company may exercise its Option to purchase 100% ownership of the Property at any time by paying the \$2,250,000 purchase price, less any option payments made previous to its decision to exercise the Option;
- Upon exercise of the Option by payment of the total purchase price of \$2,250,000, the Company will own 100% of the Property and all attendant mining rights to the claims. There are no royalties due to the landowner;
- The Company is granted exclusive rights to explore the property for three (3) years from the date of entry into the Agreement; and
- The Company may terminate the Agreement at any time.

The 2Bar project is comprised of eleven patented mining claims comprising approximately 227.26 non-contiguous acres (91.97 hectares). Staking of 71 new unpatented claims was completed on July 9, 2014 with an additional 129 claims added on March 17, 2015 and a further 6 claims added on April 29, 2015. The unpatented lode claims total approximately 4,243 acres (1,717 hectares) (the "Property"). The Property is now comprised of approximately 4,470.9 acres (1,809.3 hectares) that the Company holds either through option or direct ownership, none of which are subject to royalties of any type. All claims are located near Lovelock, in the Table Mountain Mining District, Churchill County, Nevada. The Property lies contiguous to the Treasure Box copper mine reported to be (non-compliant) 370,000 tons, approximately 40' thick x 400' wide x 300' long that grades 1.55% Cu; (DeMatties; internal correspondence; October 22, 2007) and in the vicinity of the historic Bradshaw copper and Bolivia nickel mines. The Company completed its first phase of drilling at 2BAR in November, 2014 and a second phase was completed on June 23, 2015. At this point in time, with all results from work completed to date in hand, the Company's board is considering further action on the property. This decision will be affected by commodities market conditions and the Company's ability to provide additional funding.

Wabassi Joint Venture – Ontario, Canada

The Company sold its 51% Participating Interest in the Wabassi base and precious metal project in northwestern Ontario to Great Lakes Resources on April 24, 2015.

Corporate Management

Discovery Harbour operates efficiently with a minimal staff and modest office space in Vancouver (CFO) and Park City, Utah USA (President & CEO). Presently, its President and CEO, its CFO and its Senior Executive Vice President manage corporate activities.

Mineral Properties

2BAR Project – Churchill County, Nevada

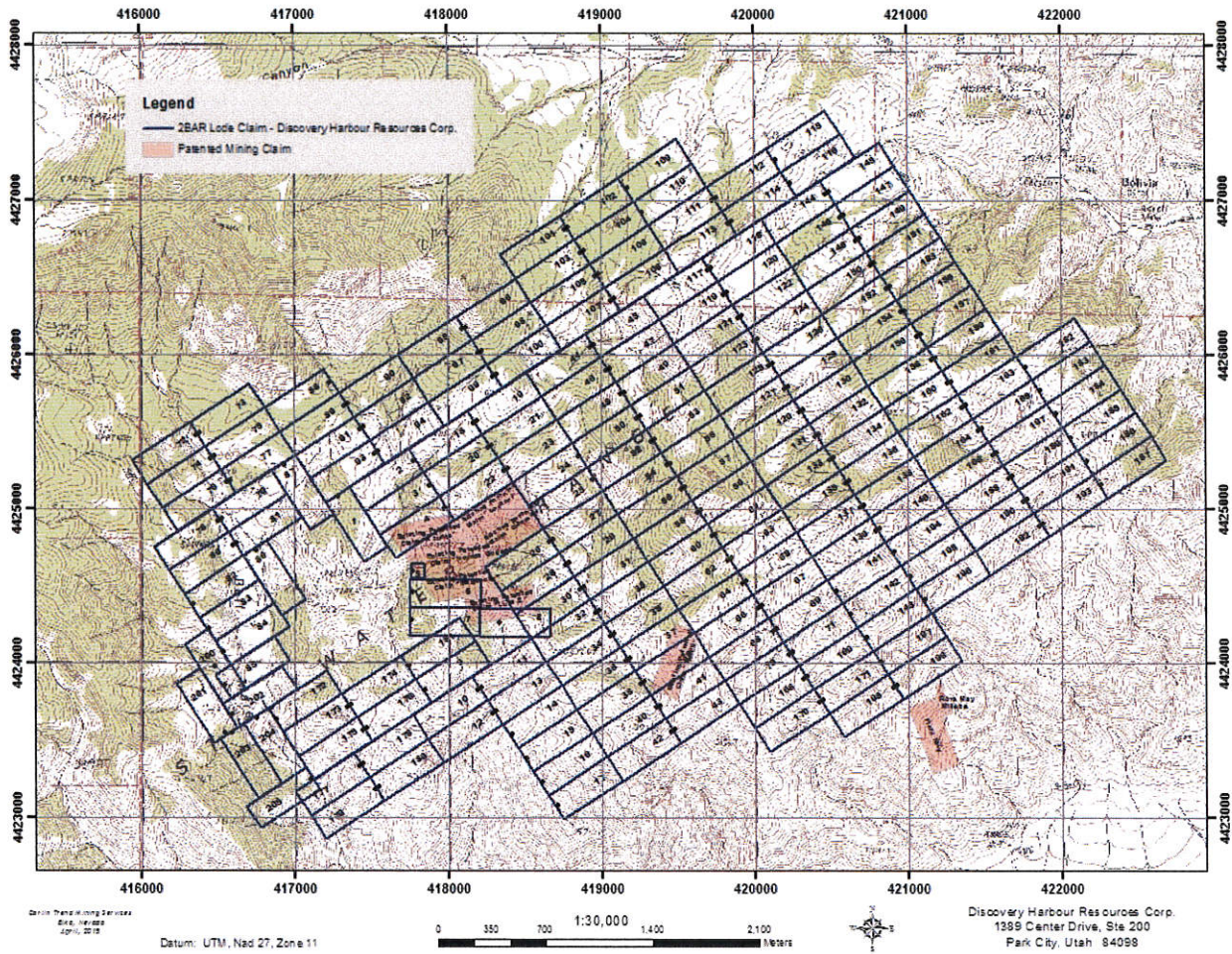
The 2Bar Project is located near Lovelock, in the Table Mountain Mining District, Churchill County, Nevada. The Property lies in the vicinity of the historic Bradshaw copper and Bolivia nickel mines.

The Property is comprised of eleven patented mining claims comprising approximately 227.26 non-contiguous acres (91.97 hectares) and 206 unpatented claims. The Property is now comprised of approximately 4,471 acres (1,809 hectares) that the Company holds either through option or direct ownership, none of which are subject to royalties of any type.

Access to the main claims area is via an existing road. The road is in reasonable condition and only minor work was required to allow for ingress and egress during the 2014 and 2015 drilling programs. The permits for the road repair

were received in September, 2014. The BLM continues to hold an amount of US\$5,684.00 for reclamation should DHR not comply with the regulations contained in the use permit. This amount is refundable if compliance is adhered to. Road maintenance occurred during October, 2014 and May, 2015. Water for drilling is non-existent at the property and was hauled from nearby springs along the access road. DHR has obtained permission from the owner of the water rights to Cottonwood Creek, #V-09971.

Land Status – Patented & Unpatented Claims (as of April 30, 2016)



The following workings were found on the patented claims during the preliminary due diligence review in June of 2014:

- An open, vertical shaft which is approximately 35’ width x 35’ length and 50 ‘deep. This opening has been fenced and the fencing is in good condition. It appears the shaft has more vertical depth and over time has caved.
- Three horizontal adits are present and open on the adjacent claim. The longest is approximately 120’ in length, 10’ wide and 7’ in height. The others were not entered due to threatening ground conditions.
- An open decline is present and approximately 35’ x 10’ with an unknown depth but from the amount of waste rock present on the slope of the mountain below it, a substantial depth must have been reached. This decline was constructed to follow mineralization down-dip as the copper mineralization appears to be stratabound. It was not entered due to the hazard of entry and exit.

- A horizontal adit exists 200' beneath the decline described and it may be as much as a couple hundred feet in length and may contain winzes of unknown depths.
- A number of other workings, which to date have only been viewed from the air.
- A dump of charcoal slag used for roasting copper ore is present next to one of the shafts. It is approximately 30' in width x 100' length x 15' height with an approximate 45 degree angle of repose ($45,000 \text{ cu}'/2 = 22,500 \text{ cu}'$ or $1,667 \text{ cu yds} / 2 = 833 \text{ cu yds}$). In the event this slag contains concentrations of contaminants or base / precious metals from the roasting process, DHR has taken representative samples from the pile for geochemical assay.

Confirmation of Mineralization

Geologically, the project area lies within the boundaries of the Humboldt Intrusive Complex (approximately 35 miles x 15 miles) which is dominated by gabbro, diorite with minor granodiorite-granite. On a project scale, all targets fall within a series of Jurassic-aged intermediate volcanics (andesite, andesite porphyry) which overlie older marine clastic and chemical sediments (lower Jurassic and Triassic). These sequences are all intruded by the Humboldt Complex rocks, of mid to late Jurassic in age and overlain by Tertiary-aged felsic volcanics.

The main claim group contains old workings from the early 1900s and more recent trenches in the outcropping mineralized zones. Previous sampling by DeMatties, 2007, encountered high grade copper and silver mineralization at surface residing in a minimum of two separate zones, the Upper Zone and the Lower Zone that are separated by approximately 120 vertical feet of section. DHR collected 12 grab samples from the workings and trenches from both zones, as well as samples from non-contiguous patent claims under option and regional outcrop samples. These samples were submitted to ALS Chemex in Reno, Nevada for gold; 30 gram fire assay ICP-AES finish; and, 41 element ICPMS. ALS Chemex and DHR have an arm's length relationship.

Table 1 below indicates DHR's confirmation assay results received from ALS Chemex in comparison to the original trenching results from DeMatties. (See www.sedar.com under Boxxer Gold Corp's September 20, 2007 news release describing their trenching results). Please note that these are grab samples only, collected to confirm the presence of the copper mineralization on the Property. These samples do not necessarily represent the mineral potential of the entire property. The sampling of the outcrop, trench and adits was performed by Michael Senn, a Qualified Person under NI 43-101. Samples were collected onsite, bagged, labeled and transported to ALS Global in Reno, Nevada. All samples were in the possession of the QP and were hand-delivered to ALS.

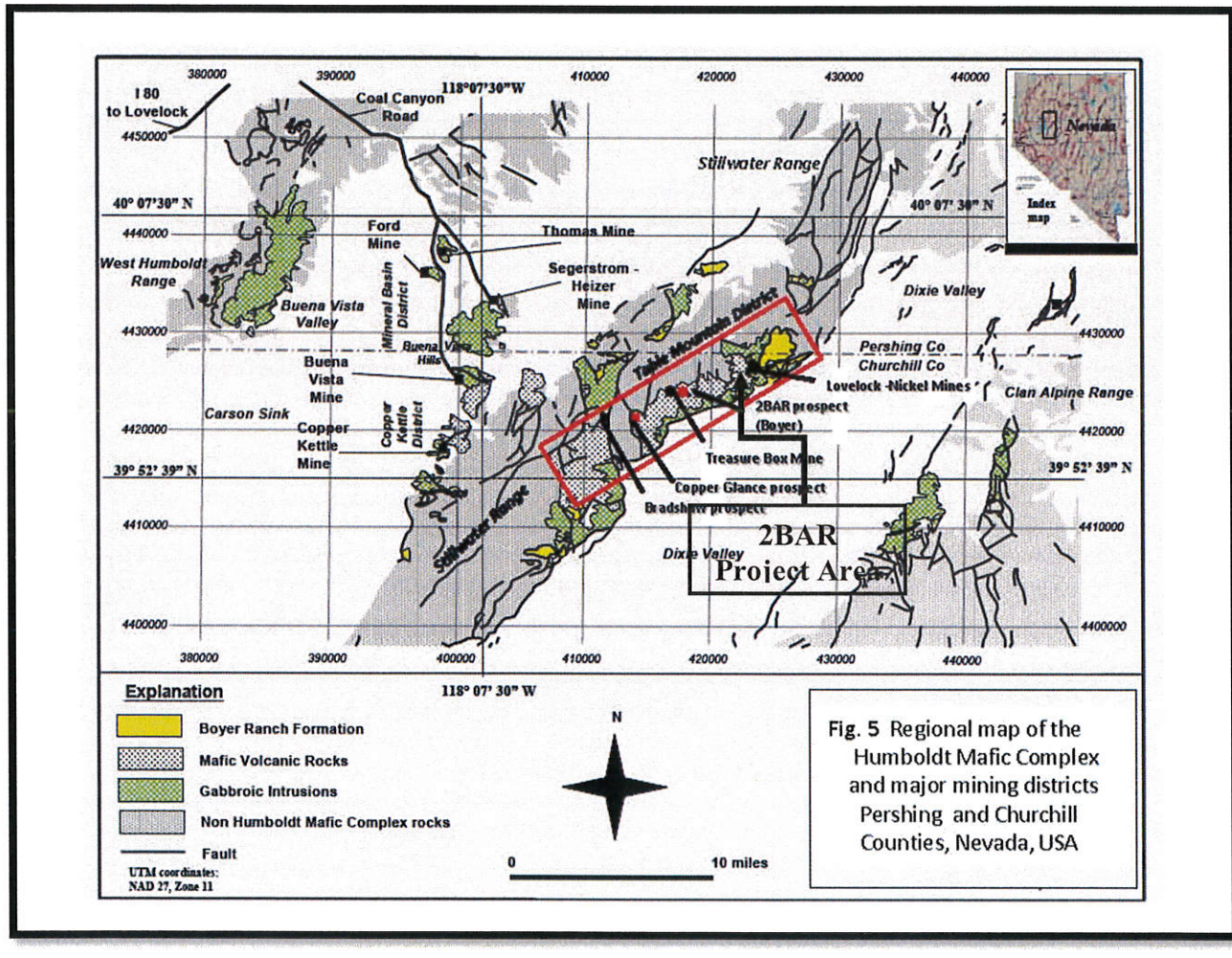
The mineralization sampled at the workings within the patented claims is comprised of malachite, chrysocolla, chalcocite, azurite, cuprite and chalcopyrite, in order of observed abundance. Mineralization occurs as masses, fracture fillings and disseminations within the breccia and its matrix and within amygdaloidal flow tops. All observed and sampled mineralization does occur in the Jurassic volcanics. However, these outcropping zones of mineralization also occur at and within the contact zone (unconformity) between the Jurassic (~147my) and the overlying, younger Tertiary volcanics (~32my). This is more fully described below.

Table 1: DHR Due Diligence Rock Samples – 2BAR Project, Nevada

2014 Cu	2014 Au	2014 Ag				<u>Reported 2007 Trench</u>
%	g/t	g/t	<u>Sample#</u>	<u>Sample Type & Description</u>	<u>Location</u>	<u>Results (DeMatties)</u>
11.35	0.01	36.9	TB-62914-1	Grab-Outcrop-andesite flow	Lower zone	From outcrop, no trench
15.75	0.012	47.5	TB-62914-2	Grab-Andesite flow	Lower zone	Trench #10:15 ft @ 2.85% Cu
11.25	0.011	22.3	TB-62914-3	Grab-Breccia-andesite porphyry	Lower zone	Trench #11:21 ft @ 2.51% Cu
3.9	0.003	8.09	TB-62914-4	Grab-Breccia-andesite	Lower zone	Trench #12: 9 ft @ 2.73% Cu

				porphyry		
7.83	0.005	19.55	TB-62914-5	Grab-Andesite flow top	Upper zone	Trench #1: 9 ft @ 1.54% Cu
6.26	0.012	7.13	TB-62914-6	Grab-Breccia-porphry andesite	Upper zone	Trench #3: 12 ft @ 3.78% Cu
1.71	0.7	0.39	TB-62914-7	Grab-Breccia-andesite	regional	Location 1 mile west of 2BAR
1.565	0.101	0.48	TB-7114-1	Grab-Altered andesite	regional	8 miles west of main 2BAR
0.26	0.003	0.06	TB-7114-2	Grab-Andesite porphyry	CG Zone	5 miles west of main 2BAR
0.25	0.004	0.03	TB-7114-3	Grab-Andesite flow	CG Zone	5 miles west of main 2BAR
1.245	0.009	0.64	TB-7114-4	Grab-Andesite porphyry	regional	Prospect-1 mile south 2BAR
0.0724	0.01	0.019	TB-62914-8	**Slag from main claims	N/A	Slag pile-test for contamin.

Figure 3 – 2BAR Project Location Map



During the lode (unpatented) claims staking process, soil samples were collected from all corners of each new claim and also from the center points of the long dimensions of each claim line, totaling 580 total samples. These samples were assayed and reported (See www.sedar.com, DHR’s 11 August 2014 & May 19, 2015 press releases describing soil assay results). Additionally, 78 stream sediment samples were collected from locations where claims lines crossed primary and secondary drainages. These exercises were designed to detect shallowly buried copper mineralization within the main claims area. All samples were collected by employees of Carlin Trend Mining Services of Elko, Nevada. All samples were in the continuous possession of Carlin Trend personnel and were hand-

delivered to ALS Global in Reno, Nevada. Soils were processed and analyzed using a 41 element aqua regia and weak acid digestion for soils; code ME-MS41L.

Drilling – Phase 1, November, 2014

The Company completed its Phase 1 drilling program at the 2BAR Project in Nevada during November, 2014 and has received assay results.

Seven diamond drill holes were completed from October 31 through November 17, 2014. 4 holes tested the Lower Zone and 3 holes tested the Upper Zone for a total of 865 feet (262 meters). 141 individual samples were collected from the core for geochemical analysis.

The objective of this phase of drilling was to test the projected down dip and strike extensions of the two zones (the Upper Zone and the Lower Zone) hosting the mineralization exposed at surface in outcrop and by trenching. (See DHR press release dated July 16, 2014).

The copper occurs in a strongly oxidized zone representing the unconformity (contact / enrichment / oxide zone) between younger, Tertiary felsic volcanics (dominantly rhyolite ~32 million years) and Jurassic mafic volcanics (dominantly andesite, andesite breccias and andesite porphyry ~147 million years). The focus of mineralization within the unconformity, as evidenced by this drilling, is in contrast to the Company's original hypothesis that the exposed mineralization was strataform in nature, contained within certain Jurassic volcanic units. Visually identifiable copper in outcrop and core occurs as native copper, copper oxides (cuprite), copper carbonates (malachite, azurite), copper cyclosilicates (chrysocolla), copper halides (possibly atacamite) and copper sulfides (chalcocite, bornite and trace amounts of chalcopyrite). This mineralized contact zone, where exposed in outcrop and trenches and intercepted by drilling, varies from approximately 12 feet to greater than 100 feet in thickness and consists of strongly oxidized regolith and saprolite.

All drill core was logged on site by licensed professional geologists and Qualified Persons (QP), transported to, then processed and analyzed by ALS Global in Reno, Nevada and Vancouver, B.C., Canada. Core samples were continuously in the custody of DHR geologists / QPs until delivery was made by them to ALS Global in Reno, Nevada.

Intervals given are core lengths and may not represent true thicknesses. However, in all seven drill holes where bedding was noted, the attitude of the bedding was within a few degrees of being perpendicular to the core axis. This suggests core lengths are near to true thicknesses.

Upper Zone Drill Results

Holes 2B14-5, 6 & 7, Upper Zone, all drilled vertically to depths of 150', 140' and 175' respectively, were designed to test the down dip extensions of the mineralized horizons exposed in outcrop, in historical workings (pits & adits) and trenches as described in the press release referenced above as well as to traverse the axis of an induced polarization (I.P.) anomaly, described below. All three holes successfully intercepted copper mineralization within the oxidized horizon contained in the Tertiary-Jurassic contact. Particularly, holes 2B14-06 & 2B14-07 showed significant copper enrichment. These intercepts have been reported previously.

The surface trenching exposed the saprolitic contact between the Tertiary and the Jurassic volcanics as well as a +50' (15.2m) thickness of Jurassic regolith. In these exposures, it is evident that this contact zone has been strongly oxidized and enriched in copper (+/- silver) through time and correlative supergene processes. This horizon represents an attractive exploration target because of the grades assayed from the exposures and core, in addition to its thickness and mapped lateral continuity. This contact zone is well represented as a shallowly dipping plane (~24° dip, 007° azimuth) and has a lateral extent of many square kilometers. Locally, this plane has been vertically offset by brittle, normal block faulting.

In a down dip direction, it is plausible that this contact zone may contain a larger source of copper that causes or contributes to the occurrence of exotic copper assayed from the Lower Zone surface exposures. This contact zone lies in an upslope direction from the Lower Zone exposures. We hypothesize that this paleosurface (the unconformity) contains depressions that were eroded into the Jurassic rocks due to processes active during the time it was exposed

at surface, prior to the deposition of the Tertiary sequences. These depressions should represent thickened portions of the copper-enriched supergene oxide zone.

Lower Zone Drill Results

Drill holes **2B14-01**(TD 100'/30.3m) & **2B14-02** (TD 175'/53m), both in the Lower Zone, with azimuths of 220°, inclinations of -55° & -50°, respectively, tested the strong copper-silver mineralization exposed in outcrop and in trenches #10 & #11 in the Lower Zone, as reported in the press release noted above. These two holes were designed to intercept the mapped down dip projection of this mineralization. Hole 1 intercepted the zone exposed at surface at a vertical depth of 45 feet (13.7 meters). 20 individual geochemical samples were collected from this hole. No anomalous mineralization was encountered. Hole 2 was designed to intercept this same zone at a greater vertical depth of 90 feet (27.27 meters). No samples were collected from this hole as no visible evidence of mineralization was logged. Both holes penetrated a sequence of bedded Jurassic andesite flow units with minor andesitic porphyries and breccia units also encountered.

The paradox of strong mineralization residing in the andesite at surface and the lack of mineralization at -45 feet and -90 feet is interpreted to imply that the copper (and silver) at and near surface levels in the Lower Zone is exotic and is derived from a nearby source buried under the younger Tertiary cover. The unconformity / contact zone between the Tertiary and Jurassic volcanics appears to be located upslope from (topographically above) the mineralized exposures in the Lower Zone.

Phase 2 Drilling – June, 2015

A Phase 2 drilling program began on June 9, 2015 and was completed on June 23, 2015 (see DHR press release dated June 29, 2015). This drilling was preceded by a detailed I.P. (induced polarization) geophysical survey over the Upper Zone to determine drill collar locations (see DHR press release dated June 9, 2015). A total of 1,567 feet (475 meters) of HQ core was drilled in six holes, 2B15-01 through 2B15-06.

Observations made during the process of logging and sampling the core noted visible native copper and copper oxides, carbonates in holes 2B15-01, 02, 03 and 04. Initial assay employed the ALS Global ICP-ME-MS 61 procedures for sample preparation and analysis. The results received from this analysis did not seem to explain the quantities of copper present from the logging. Subsequently, the ALS method for analysis of total copper was initiated, ALS-Cu-SCR21. These procedures are described in detail in the “Assay Procedures” section below and further justification for this re-analysis is presented both above in this report as well as the DHR press release dated January 26, 2015.

The Company was concerned that the results (ICP and Cu-SCR21- total copper) noted in this report are not representative of the amount of mineralization intercepted and visible in the core. Due to these concerns the Company completed additional analytical work at Accurassay Labs in Thunder Bay, Ontario. These results did confirm the accuracy of the ALS Global initial results.

The results of the Cu-SCR21 (total copper) AAS method suggests that an abundance of copper is reporting to the oversize fractions (the +100 micron size) where 100% of the fraction is digested in acid and analyzed by AAS (average weight of all plus fractions analyzed = 31.95gr; n = 193 samples). However, the results from the fine fractions of the Cu-SCR21 process, where a total of only 0.5 grams of material is analyzed out of an average volume of 759.9 grams (n=193 samples) may not be reporting the true copper contents of those -100 micron fractions. The native copper contained in the samples produces a “nugget effect”, similar to gold. Accurate results are difficult to obtain when this effect is present and is generally resolved by employing the process described below.

As such and as a test, the Company has employed ALS Limited, the Company's primary analytical laboratory, to perform subset sampling and analysis of the fine fractions from ten separate samples (core intervals) where copper values reported in the multiple percents within the coarse fractions but were exponentially lower in the undersize or minus 100 micron fractions. The process, a standard in the industry, involves the homogenization of the fine fractions in the test samples and the collection of three, separate 50 gram subsamples from each of the 10 selected sample

intervals. The 50 gram subset samples are completely dissolved in a four acid digestion process (see below for descriptions of the acids) and analyzed using the AAS technique. This process was completed in the fall, 2015.

Results from the Phase 2 drilling are reported below.

DDH 2B15-01 Summary (weighted averages on core sample lengths):

From 130.0 to 157.0 ft (27 ft/ 8.2 m) averaging 0.29% Cu.

Containing: from 144 ft to 152.1 ft, 8.1 ft (2.5m) @ 0.423% Cu

Hole 2B15-01 located at NAD 27, Zn 11; 418130mE x 4424777mN was drilled vertically on geophysical grid Line 100 North. It encountered 129 feet of Tertiary rhyolite before entering the leached cap (regolith) and the oxidized zone / unconformity, developed on the top of the Jurassic mafic volcanics. Observed copper minerals noted in the oxide zone of the unconformity were native copper, malachite and chalcocite.

This hole supported our hypothesis that the zone of mineralization has an I.P. (induced polarization) signature and that the horizon of mineralization within the unconformity does continue under the Tertiary cover.

DDH 2B15-02 Summary (weighted averages on core sample lengths):

From 259.0 to 300.0 ft (41 ft/ 12.4 m) averaging 0.17% Cu.

Containing: from 264 ft to 282 ft, 18 ft (5.5m) @ 0.25% Cu; and;

Containing: from 290 ft to 294 ft, 4 ft (1.2 m) @ 0.35% Cu;

Further Containing: from 264 ft to 270 ft, 6 ft (1.8 m) @ 0.38% Cu

Hole 2B15-02, Upper Zone, located at NAD 27, Zn 11; 418120mE x 4424811mN was also designed to test the IP response obtained from our 2015 survey which was completed prior to the initiation of the drill program and represents a 100 foot step out to the north from hole 2B15-01 and 200 feet north of discovery hole 2B14-06, completed during the November, 2014 program. It was drilled vertically on geophysical grid Line 200 North and encountered 258 feet of Tertiary rhyolite before entering the leached cap (regolith) and the oxidized zone / unconformity, developed on the top of the Jurassic mafic volcanics. Observed copper minerals noted in the oxide zone of the unconformity were native copper, malachite and chalcocite.

This hole also supported our hypothesis that the zone of mineralization has an I.P. (induced polarization) signature and that the horizon of mineralization within the unconformity continues under the Tertiary cover.

DDH 2B15-03 Summary (weighted averages on core sample lengths):

From 45.2 to 107.5 ft (62.3 ft/ 18.9 m) averaging 0.17% Cu.

Containing: from 45.2 ft to 89 ft, 43.8 ft (13.3m) @ 0.19% Cu; and;

Containing: from 99 ft to 107.5 ft, 8.5 ft (2.5 m) @ 0.21% Cu;

Hole 2B15-03, Upper Zone, located at NAD 27, Zn 11; 418157mE x 4424752mN is an angle hole drilled from hole 2B14-07 toward hole 2B14-06. Its purpose was twofold; to determine the location of the fault located between the holes and to prove or disprove that the fault was mineralized and is acting as a conduit for cupiferous fluids ascending along it to be deposited in the oxide zone present in the unconformity. It was drilled at an azimuth of 254° and an angle of -60°. This hole intersected 43 feet of Tertiary rhyolite where it entered a fault structure to 66 feet. Copper mineralization was visible within the structure, attesting to its role as a pathway for fluids. From 66 to 87 feet, it penetrated the oxide zone within the unconformity showing that at least 100 vertical feet of displacement is present along it. Additionally, when the geology is entered into cross section form, at least two other faults must be present to explain the lithologies in drill holes 2B14-05, 06 & 07 and hole 2B15-03.

DDH 2B15-04 Summary (weighted averages on core sample lengths):

From 108 to 207.8 ft (99.8 ft/ 30.2 m) averaging 0.11% Cu.

Containing: from 116.1 to 122 feet; 5.9 ft (1.8 m) @ 0.34% Cu; and;

Containing: from 146 to 162 feet; 16 ft (4.85m) @ 0.21% Cu.

Hole **2B15-04**, Upper Zone, located at NAD 27, Zn 11; 417976mE x 4424805mN was centered on a strong I.P. anomaly located 660 feet (200 meters) from discovery hole 2B14-06, along the trend of the chargeability zone, as defined from our survey. It represents a large step out. It intersected 111 feet of the overlying Tertiary rhyolite before entering the regolith and the oxide zone from 112 to 180 feet where it penetrated into the unaltered Jurassic volcanics. Native copper, malachite and chalcocite are the copper minerals noted in the core during logging. 99.8 feet of copper mineralization was intercepted and reports a weighted average of 99.8 feet @ 0.11% Cu, as above.

Hole **2B15-05**, Upper Zone, located at NAD 27, Zn 11; 418066mE x 4424844mN and was drilled vertically, targeting a moderate I.P. anomaly located 420 feet (127 meters) from discovery hole 2B14-06, to the northwest, along the trend of the chargeability zone. It intersected 310 feet of Tertiary felsic flows before entering the regolith and a poorly-developed oxide zone at 315 feet. From 300 to 318 feet, only weak copper values were returned from the assaying, with a high value of 864ppm. In constructing cross sections, it appears this hole is located in an uplifted fault block. The uplift may have contributed to the erosion of the previously-developed oxide zone containing the copper mineralization elsewhere within the Upper Zone.

Hole **2B15-06**, Upper Zone, located at NAD 27, Zn 11; 418195mE x 4424869mN and was drilled vertically, targeting the large I.P. anomaly identified from the 2007 survey conducted by a previous operator. It was located between two of our I.P. grid lines and did not have a direct I.P. signature from our survey data. It intersected 129 feet of Tertiary felsic flows before entering the unaltered Jurassic volcanics. The regolith and oxide zones were not present in this hole. However, the hole did intercept fragments of the regolith in the basal portion of the Tertiary flow sequences. This implies that the regolith existed before the deposition of the Tertiary and was eroded or removed by the process of deposition of these subareal volcanic sequences. A maximum value of 366ppm was returned from one of these oxide zone breccias fragments in the Tertiary. In constructing cross sections, it appears this hole is located in a down-dropped fault block.

Assay procedures

Assay results above are from the analysis of core samples using the standard 51-element ICP method produced results that the Company was concerned may not have represented the quantity of copper mineralization visually logged in the core. The ICP percentages were notably low. Consequently, 123 samples from the June, 2015 drilling program, with an abundance of visible copper mineralization, were re-assayed, using the ALS Global method to recover total copper through a metallic sieve screening and a four-acid total digestion, followed by atomic absorption spectrometry analysis (AAS) (see detailed process description below under "Assay procedure details"). The results of the AAS method test suggests that an abundance of copper is reporting to the oversize fractions (the +100 micron size) but the results from the fine fractions of the Cu-SCR21 process, where only 0.5 grams of material are analyzed out of an average volume of 759.9 grams (n=193 samples) may not be reporting the true copper contents of those -100 micron fractions.

The Company has employed ALS to perform subset sampling and analysis of the fine fractions from ten separate samples where copper values reported in the multiple percents within the coarse fractions but were barely detectable in the undersize, -100 micron fractions. The process designed by the Company involves the homogenizing of the fine fractions in the test samples and the collection of three, separate 50 gram subsamples from each of the 10 selected intervals. The 50 gram subsets were completely dissolved in a four acid digestion process (see below for descriptions of the acids) and analyzed using the AAS technique. This process was completed in the fall. Further, as a check of the ALS results for this process, the Company employed Accurassay Labs in Thunder Bay, Ontario to perform an

identical test on four of the samples tested using the subset method, processed by ALS. The Accurassay results confirmed the accuracy of the ALS analysis.

Assay procedure details

The analysis of the samples was performed at ALS Global using standard preparations for rock samples for the ICP analysis. All samples were analyzed using ALS Global's aqua regia and weak acid digestion, code ME-MS41L (51 elements) and Au-AA23 (0.005 part per million detection limit). Additionally, a metallic sieve preparation process and a total copper, four-acid digestion (ALS Cu-SCR21) was performed on a total of 193 samples. Numerous samples contained visible native copper, chrysocolla, azurite, malachite, cuprite, chalcocite, and slight traces of bornite and chalcopyrite.

In the Cu-SCR21 process, the sample is dried and dry screened to 100 microns (150 mesh) saving both the plus and minus fractions for copper analysis. The fractions are weighed separately. From the minus 100 micron fraction, two 0.25 gram samples are assayed for copper content and their arithmetic average is reported as representative of the entire volume of the minus 100 micron size fraction. No acid digestion is employed to dissolve these two 0.25 gram samples. The entire plus 100 micron fraction is weighed. If the plus fraction exceeds 20 g, it is split into two or more fractions but the total weight is reported. Then, all oversize fractions are subsequently decomposed by a four-acid digestion (HNO₃, HCl, HClO₄ and HF) and analyzed by atomic absorption spectrometry (AAS) and reported. The total copper content, individual assays on the plus and minus fractions, and weighted fractions are calculated and reported. Given the small size of the amount analyzed from the minus size fraction and its large comparative volume (weight), the Company has decided to analyze larger amounts from the minus 100 micron samples, as explained above to derive a more representative presentation of the copper contents contained within the minus 100 micron fractions.

Drill composites have been calculated by ALS Global and Discovery Harbour using the formula for weighting averages based on sample lengths and weights.

On October 1, 2015, DHR announced that errors were made in the calculations for drill assay results in its press release dated January 26, 2015 for its Phase 1 drilling program.

That press release used weighted averages based on sample interval lengths and the sum of reported assay values for both coarse and fine sample fraction assays. This calculation process produced values higher than when assays are weighted, based on the sample fraction weights.

Results received from the lab, which assayed for total copper in the samples, have been re-calculated using weighted averages based on sample weights and are shown below.

Below are excerpts from that press release with the corrected values shown.

DDH 2B14-06:

From 32.8 to 107.0ft (74.2 ft / 22.6m) averaging 1.20% Cu (reported); (0.53% Cu - corrected)

Including:

From 82.7 to 104.6 ft (21.9 ft / 6.7m) averaging 3.73% Cu (reported); (1.17% Cu - corrected)

With this interval including:

From 97.0 to 104.6 ft (7.6 ft / 2.3m) averaging 4.50% Cu (reported); (2.15% Cu - corrected)

With this interval including:

From 99.0 to 104.6 ft (5.6 ft / 1.7m) averaging 5.89% Cu (reported); (2.83% Cu - corrected)

DDH 2B14-07

From 7.0 to 71 ft (64.0 ft / 19.5m) averaging 0.74% Cu (reported); (0.353% Cu - corrected)

Including:

From 26 to 40 ft (14 ft / 4.3m) averaging 1.25% Cu (reported); (0.497% Cu - corrected)

From 66 to 71 ft (5 ft / 1.5m) averaging 1.99% Cu (reported); (1.03% Cu - corrected)

DDH 2B14-05 Summary (weighted averages – corrected values):

From 28.0 to 48.0 ft (20.0 ft/ 6.1m) averaging 0.09% Cu (corrected)

DDH 2B14-06 Summary (weighted averages – corrected values):

From 32.8 to 107.0ft (74.2 ft / 22.6m) averaging 0.53% Cu (corrected);

Including:

From 82.7 to 104.6 ft (21.9 ft / 6.7m) averaging 1.17% Cu (corrected);

With this interval including:

From 97.0 to 104.6 ft (7.6 ft / 2.3m) averaging 2.15% Cu (corrected);

With this interval including:

From 99.0 to 104.6 ft (5.6 ft / 1.7m) averaging 2.83% Cu (corrected);

DDH 2B14-07 Summary (weighted averages – corrected values):

From 7.0 to 71 ft (64.0 ft / 19.5m) averaging 0.353% Cu (corrected);

Including: -

From 26 to 40 ft (14 ft / 4.3m) averaging 0.497% Cu (corrected), and

From 66 to 71 ft (5 ft / 1.5m) averaging 1.03% Cu (corrected)

DDH 2B14-03 Summary (weighted averages – corrected values):

From 3.0 to 8.0 ft (5.0 ft / 1.5m) averaging 0.196% Cu (corrected);

DDH 2B14-04 Summary (weighted averages – corrected values):

From 0.0 to 31.0 ft (31.0 ft/ 9.4m) averaging 0.27% Cu (corrected).

Geophysical Surveys

An induced polarization (I.P.) ground survey was conducted in 2007 over both the zones in an effort to detect possible conductors associated with mineralization lying under the Tertiary cover to the north of the mineralized horizons exposed at surface. This survey resulted in the definition of 2 zones of strong chargeability anomalies under the Tertiary cover rocks. The area in the vicinity of the Lower Zone mineralization did not produce a response indicative of conductive material at depth. However, a large response, approximately 1,000 x 800 ft (300 x 250m) represented by a strong chargeability signature was discovered approximately 300 ft (100m) to the north-northwest of the Lower Zone and bolsters the Company's interpretation that the mineralization contained in the Lower Zone has been transported from a source "upslope" by gravity flow. It is proposed that a copper source area (supergene-enriched) resides within the contact zone between the overlying Tertiary and the Jurassic units.

To further support this hypothesis, 2014 drilling of the Upper Zone was designed to traverse the axis of the second of the 2007 I.P. anomalies (dimensions approximately 825 x 410 ft (250 x 125m) with three holes, near the historical mine workings. All three holes intersected copper mineralization, as reported, with the strongest copper assays discovered in hole 2B14-06 located near the axis of the I.P. response. In constructing the cross section of these three drill holes, the axis of the I.P. anomaly is coincident with a normal fault appearing to exhibit approximately 100 feet

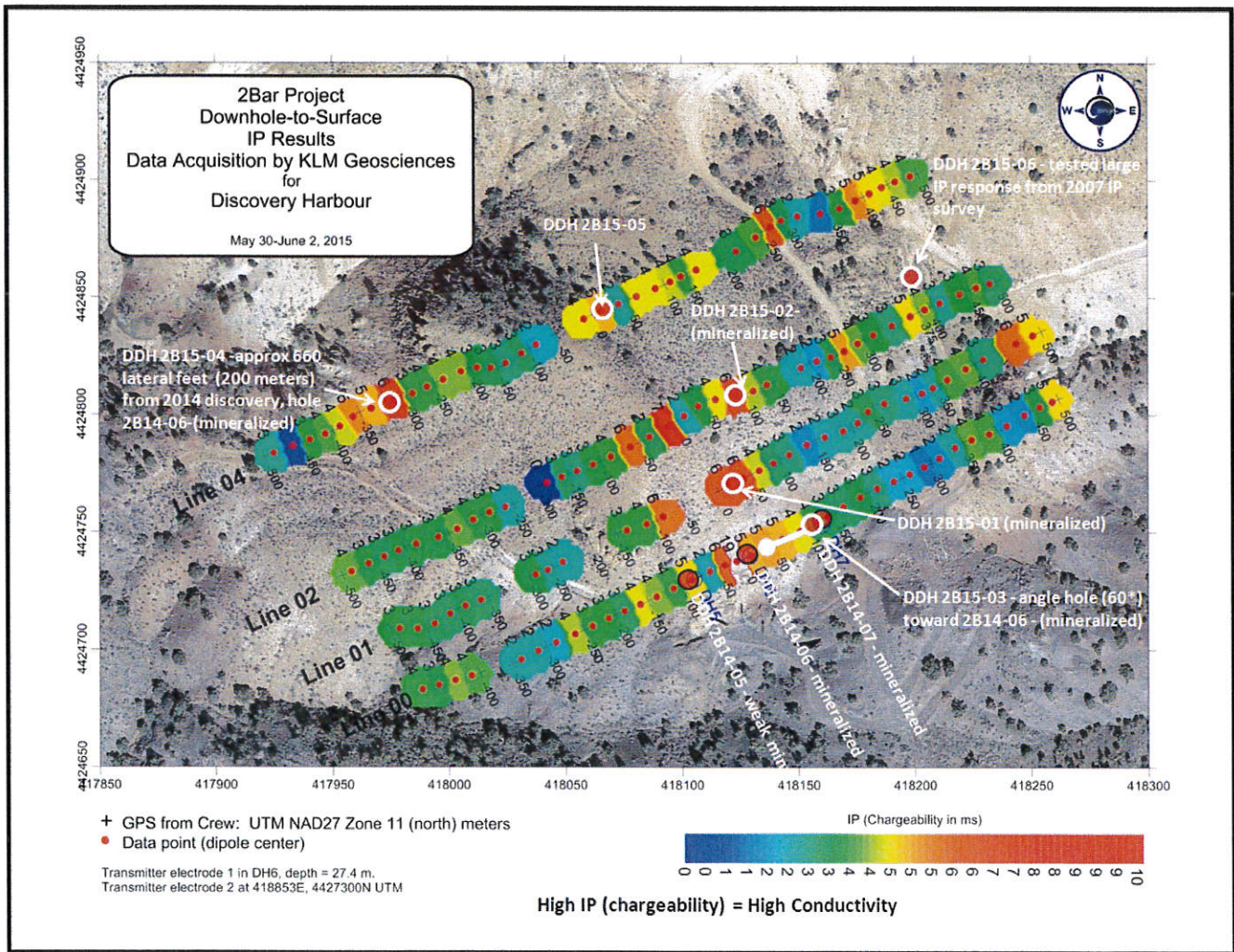
of vertical offset of the Tertiary and Jurassic units. This structure, in concert with others, serve as important controls on the transport of fluids contributing to the oxidation and localization of mineralization.

Geology & 2014 Drill Holes & Results of 2007 Induced Polarization Survey – Upper & Lower Zones

2015 Induced Polarization Survey Results

The survey is termed an I.P. (induced polarization) survey and was designed to follow the mineralization discovered in the Upper Zone at 2BAR through drilling last November, as described in the Company’s press release of January 26, 2015.

This I.P. survey was successful in defining strong responses associated with the mineralization in holes 2B14-06 and 2B14-07. Further, it defined conductors continuing to the north and northwest, under the younger Tertiary volcanic cover. The responses received from this work have been combined with an I.P. survey performed during prior exploration on the property and coincide well with targets previously developed. Interpretation of the 2015 DHR dataset was performed by the chief geophysicist from Zonge Engineering, KLM Geoscience of Las Vegas, Nevada conducted the survey.



Within the drill tested region of the Upper Zone, Hole 2B14-05 and holes 2B15-05 & 06 showed weak to no mineralization. All other holes were successful in intercepting copper contained in the oxidized, basal portion of the unconformity, as previously described. Another view of the IP response is presented below as contoured chargeability values over the same map area as illustrated above.

The source of the electrical current for this survey was an electrode placed down drill hole 2B14-06 at a vertical depth of -90 feet, within the mineralized horizon. This electrode emitted a current outward in all directions, horizontal as well as vertical. Due to the highly resistive nature of the host rocks, it is postulated that the current could not effectively penetrate the lateral distance between the current electrode and survey line 4North (2B15-04 & 05 lie on Line 4N). Additional down hole current electrodes were placed at critical depths in holes 2B15-01, 02 & 04. If additional IP is performed at 2BAR, a larger generator and all the down hole electrodes will be used to effectively allow for the penetration of the charge over a much greater horizontal distance.

Soil Sampling

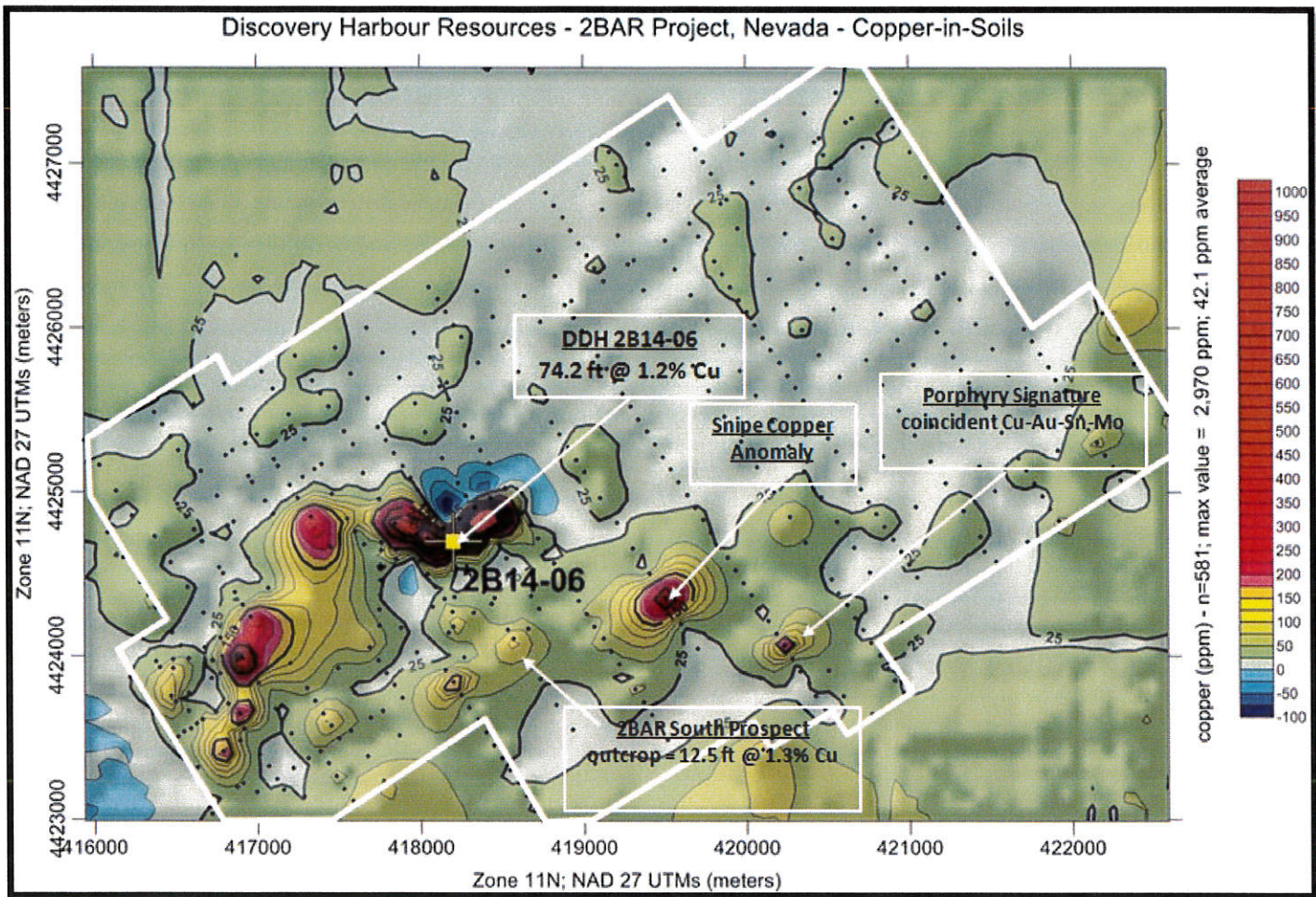
As previously mentioned, in the process of staking the claims, soil samples were collected from all four corners of each new claim and from the midpoints of the long dimensions of each claim. This resulted in a sample grid of approximately 600' x 750'. In addition to the soils grid sampling, stream sediment samples were collected at points where claims lines crossed primary and secondary drainages. During the August, 2014, March and April 2015 staking, a total of 581 soil samples and 67 stream sediment samples were collected and submitted to ALS Global in Reno, Nevada for preparation and analysis (also see DHR press release dated August 11, 2014).

Sampling Results

DHR's primary corporate focus is the discovery and delineation of an 8 to 10 million ton, high grade copper oxide resource and the development of a cash flow generating operation. The sampling completed to date has successfully advanced this goal. DHR has been encouraged that the sampling has also provided strong indications of a proximal porphyry copper system. The August, 2014 sampling survey produced new copper anomalies from soils, two of which were coincident with gold-in-soil anomalies, and one copper anomaly yielded coincident gold-molybdenum-tin responses, suggestive of a porphyry source area. Additionally, the March and April sampling produced strong zinc-in-soil anomalies located peripheral to and stratigraphically above the interpreted 2014 porphyry signature. This type of zonation is commonly associated with porphyry copper deposits.

To supplement the geochemical results from last year, the analysis of sampling from March and April this year show additional quality responses for copper, scandium, silver, zinc, and gold. On the east side of the claims group, another porphyry style anomaly was discovered with coincident gold, tin, tungsten and bismuth in soils.

The 2BAR claims group holds a diverse and compelling variety of elemental anomalies contained in the residual soils. It is important to note that it is not uncommon for the primary (rock) sources of soil-derived responses to be ten or more times the reported values of their weathered soil residuum.



Copper

The main objective of the soil sampling was to determine if additional indications of copper occurrences existed within the bounds of the claims group, in particular, along the strike of the contact between the younger Tertiary felsic volcanics and the older Jurassic mafic volcanics (the unconformity / oxide zone).

In the Upper Zone at 2BAR, the copper occurs within the unconformity. DHR hypothesized that this contact zone should contain additional occurrences of copper mineralization. As predicted, new, strong copper-in-soils anomalies were developed, along the exposed unconformity. Assay values from soils in this zone average 336 ppm copper, with a maximum value of 2,970 ppm (0.29% Cu).

Other anomalous areas that have been developed for their copper potential are (see copper map above):

- **South 2BAR Prospect** where reconnaissance field investigation found outcropping mineralization. Chip-channel samples from this 12.5 foot wide zone averaged 1.3% Cu.
- **Snipe Copper anomaly** may represent a structurally-offset portion of the 2BAR trend. Peak values at Snipe have a maximum of 494 ppm copper. Reconnaissance sampling and mapping are planned for Snipe during the summer program.
- **Porphyry Signature anomaly** - assay results from this area contain coincident copper, molybdenum, gold and tin. Follow-up there will require helicopter support for access and efficiency. This reconnaissance is planned for the summer program.

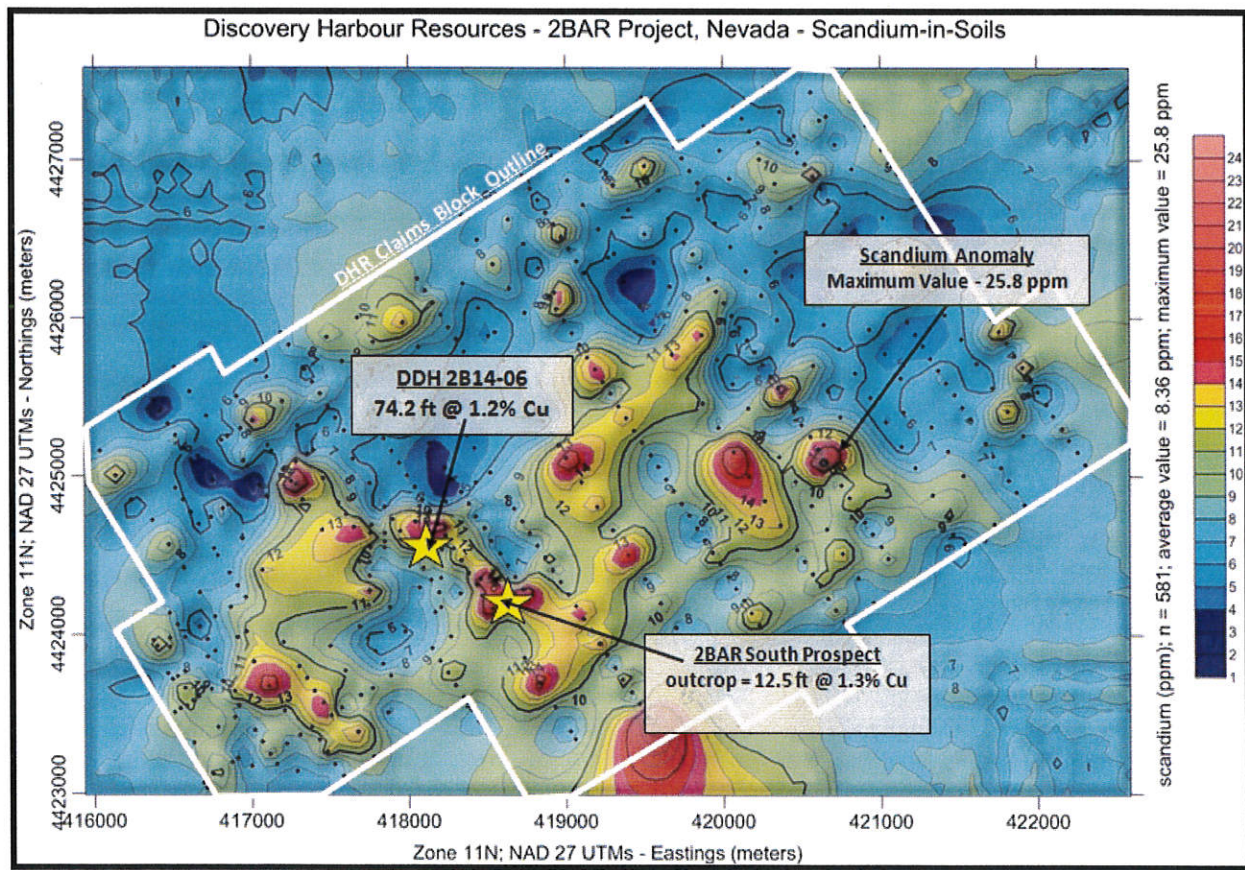
Scandium

At this point in time, DHR is uncertain of the primary source(s) of the scandium-in-soils anomalies that occur on the property. It is important to recall that these results are from soils. It is not uncommon for the primary source lithologies to contain ten or more times the values assayed from the residual soils.

An interesting observation is the location of numerous of the scandium peak values with the 2BAR and the south 2BAR areas. Noting that the copper mineralization occurs dominantly in the unconformity (oxide zone), there appears to be coincidence of scandium elevation within this zone as well.

The discovery of scandium within the property requires an in depth evaluation given the high value of scandium oxide. The maximum scandium-in-soils response of 25.8 ppm,(25.8 grams) occurs in the eastern portion of the property. The sample site is also just below the contact-oxide zone / unconformity. It is proposed that these scandium occurrences be evaluated through reconnaissance exploration during further programs.

The highlight of the recent soil sampling program is the development of new and notable copper-in-soils anomalies along unexplored portions of the exposed unconformity. Also, the new scandium occurrences as described above and zinc, silver and gold anomalies have emerged within the claims group.



Because of the elevated values of scandium and rubidium from the soils assays, DHR performed rare earth assaying of anomalous samples selected to determine if other rare earth elements (REEs) were present in the 2BAR project area. These assay results did not produce any significant responses for the REE suites.

1.3 SELECTED FINANCIAL INFORMATION

	September 30, 2015	September 30, 2014	September 30, 2013
Total revenues	\$ -	\$ -	\$ -
Income (loss) before other items	(750,642)	(627,678)	(1,097,416)
Net income (loss)	(7,154,928)	(992,348)	(1,652,579)
Income (loss) per share basic and diluted	(0.13)	(0.02)	(0.06)
Total assets	\$ 1,475,674	\$ 8,415,199	\$ 8,578,650

1.4 RESULTS OF OPERATIONS

These interim consolidated financial statements including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

Currently the Company has no producing properties and consequently no sales and earns no revenue. To date the Company has been entirely dependent on equity markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements.

The Company recorded a net loss for the period ended March 31 2016 of \$186,240 (\$0.00 per share), as compared to a net loss of \$463,251 (\$0.00 per share) for the period ended March 31, 2015. The Company had a cumulative deficit of \$18,757,291 as compared to cumulative deficit of \$18,571,051 for the year ended September 30, 2015.

Six Months Ended March 31, 2016 Compared to Six Months Ended March 31, 2015

The total expenses were \$186,375 a decrease of \$279,703 compared to \$466,078 for the comparable period of the prior year. This decrease was mainly due to the reduction in stock compensation expense and in consulting fees.

Accounting and audit fees were decreased by \$10,250. In the current period accounting fees were charged based on actual hours spent rather than fixed monthly fees.

Consulting fees were decreased by \$90,964. In the current period consulting fees were charged based on actual hours spent rather than fixed monthly fees.

The filing fee was decreased by \$1,051. Last year, the Company paid extra filing fees for extension of warrants.

The foreign exchange loss was \$4,925. This was compared to gain of \$20,794 in last year due to changes in the Canadian and US dollar relative values.

Investor communication expenses were decreased by \$3,804. This was due to decreased AGM costs in the current period and as well as less news releases disseminated in current year.

The legal fees were decreased by \$16,496. Last year, the Company paid extra fees regarding legal advice obtained in the sale of Wabassi agreement.

Office expenses were increased by \$3,936. This was due to increased insurance and costs associated to maintain the US office.

Rent expenses were decreased by \$4,169. This was due to decreased monthly rent payment.

The trade shows expenses were decreased by \$5,037. The Company did not participate in the trade shows this year.

The travel expenses were decreased by \$9,555. This was due to non-participation in the trade shows in current year.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

The total expenses were \$80,360 a decrease of \$260,070 compared to \$340,430 for the comparable period of the prior year. This decrease was mainly due to the reduction in stock compensation expense and in consulting fees.

Accounting and audit fees were decreased by \$5,825. In the current period accounting fees were charged based on actual hours spent rather than fixed monthly fees.

Consulting fees were decreased by \$84,698. In the current period consulting fees were charged based on actual hours spent rather than fixed monthly fees.

The filing fee was decreased by \$1,361. Last year, the Company paid extra filing fees for extension of warrants.

The foreign exchange loss was \$13,733. This was compared to gain of \$20,794 in last year.

Investor communication expenses were decreased by \$2,048. This was due to decreased AGM costs in current period and as well as less news releases disseminated in current year.

The legal fees were decreased by \$16,421. Last year, the Company paid extra fees regarding legal advice obtained in the sale of Wabassi agreement.

Rent expenses were decreased by \$2,130. This was due to decreased monthly rent payment.

The trade shows expenses were decreased by \$5,037. The Company did not participate in the trade shows this year.

The travel expenses were decreased by \$9,356. This was due to non-participation in trade shows.

1.5 SUMMARY OF QUARTERLY RESULTS

The following table presents certain selected financial information on a quarterly basis:

Period ended	Revenue	Net loss	Net loss per share
	\$	\$	\$
March 31, 2016	0	(80,225)	(0.00)
December 31, 2015	0	(106,015)	(0.00)
September 30, 2015	0	(151,378)	(0.00)
June 30, 2015	0	(6,540,299)	(0.12)
March 31, 2015	0	(355,510)	(0.01)
December 31, 2014	0	(123,841)	(0.00)
September 30, 2014	0	(539,877)	(0.01)
June 30, 2014	0	(139,934)	(0.00)

Largely due to the loss on sale of property of \$6,407,227, the net loss for the period ended June 30, 2015 was \$6,540,299.

Largely due to the stock based compensation expense of \$167,360, the net loss for the period ended March 31, 2015 was \$355,510.

Largely due to the written-off investment of \$368,999, the net loss for the period ended September 30, 2014 was \$539,877.

1.6 LIQUIDITY

As at March 31, 2016, the Company had working capital of \$182,143 as compared to working capital of \$397,530 on September 30, 2015.

Cash Flow from Operations

During the period ended March 31, 2016, the Company had cash out-flow of \$(196,389) from operations compared to \$(293,799) in the comparable period of the previous year. During the period, the Company decreased accounts receivable by \$1,702, decreased prepaid expenses by \$5,426, and decreased accounts payable by \$17,461.

During the quarter ended March 31, 2016, the Company had cash out-flow of \$(90,988) from operations compared to \$(161,336) in the comparable period of the previous year. During the quarter, the Company decreased accounts receivable by \$4,263, increased prepaid expenses by \$2,329, and decreased accounts payable by \$12,860.

Investing Activities

During the period ended March 31, 2016, the net cash from investing activities were \$67,980 compared to 342,877 in the comparable period of the previous year. During the period, the Company cashed term deposits of \$97,311 and spent \$29,363 of deferred mineral property costs were incurred.

During the quarter ended March 31, 2016, the net cash from investing activities were \$88,325 compared to \$198,087 in the comparable period of the previous year. During the quarter, the Company cashed term deposits of \$106,231 and spent \$17,938 of deferred mineral property costs were incurred.

Financing Activities

During the period ended March 31, 2016, the net cash from financing activities were \$8,668 compared to \$6,300 in the comparable period of the previous year. During the quarter, the due to related parties increased by \$8,668. Subsequent to the period ended March 31, 2016, the amounts were paid to related parties.

During the quarter ended March 31, 2016, the net cash from financing activities were \$27 compared to \$6,300 in the comparable period of the previous year. During the period, the due to related parties increased by \$27.

Risk Factors

Exploration and Development

Exploration for mineral commodities is a speculative venture involving substantial risk. There are no guarantees that this Company's efforts in exploration will be successful in defining economically feasible deposits. Very few exploration programs run by all companies in the mineral exploration business are successful in this effort. The long-term profitability of this Company will in part be directly related to the costs and success of its exploration projects, which may be affected by a number of variables that are beyond the control of the Company.

Financing

The Company has suspended exploration of its properties for economic deposits of mineral commodities. None of the Company's projects are in production and as such, do not produce revenue. The Company's ability to conduct its exploration is based on its working capital and on its ability to raise financing necessary to support its activities through equity issuances and through proceeds from future dispositions of its mineral properties, or development and production from its properties. There can be no assurance that the Company will be successful in securing the funding required to support its activities, now or in the future. Failure to raise sufficient funding has caused the Company to suspend exploration activities and eventually may force it to sell or forfeit its interest in its properties. This could ultimately result in the dissolution of the Company. Numerous factors affect the Company's abilities to raise the necessary capital. Market conditions and fluctuations in investor attitude and commodity prices are two main variables, over which the Company has no control or prior warning.

Mining Operations

Mining operations involve a high degree of risk and danger. Natural and / or man-made hazards or accidents could cause the Company to be liable for physical or environmental damages and such liabilities could produce adverse financial effects on the Company and its financial position, as well as result in the possible forfeiture of its assets.

Economics of Developing Mineral Properties

Substantial costs are attached to the establishment of economic resources of mineral commodities. Exploration and development expenditure are required to determine the viability of any deposit prior to the extraction of the ore minerals. Although substantial financial benefits are attached to the production of commodities from an economic deposit, there is no assurance that every deposit discovered will contain sufficient quantities or grades to support the required development costs attached to mine and infrastructure construction. Therefore, announcements of apparent ore-grade mineralization from exploration activities, are only the first steps in a long and costly process of bringing a discovery to a production status.

Marketability of Commodities

Precious and base metal exploration and development are speculative and involve high risk. The marketability of these commodities that may be discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, government regulations and permitting issues, commodity pricing, taxation, royalties, land tenure, land use, import and export issues, and environmental permitting. The exact effect of these factors cannot be predicted and any combination of these factors may result in not being able to exploit.

Pricing of Commodities

The future value of the Company will, to some degree, be dependent on the pricing of mineral commodities in the marketplace. Fluctuations in the pertinent commodity prices continuously change and these fluctuations are beyond the control of the Company. Furthermore, although the Company continuously attempts to perceive the direction of commodity pricing and subsequent sales probabilities, the future pricing of mineral commodities remains uncertain and contributes to the high risk of investment in these types of opportunities.

Environmental Requirements

The Company has been conducting its exploration activities only in the State of Nevada. All phases of its operations are subject to the environmental regulations in that State. All laws and regulations relating to the environment are and must be strictly adhered to in order to avoid penalties and time delays in permit issuances. Environmental legislation and regulation is evolving and, in the future, may result in the enactment of laws and regulations that could

negatively impact exploration and development or entirely preclude the development of mines. This would also have a negative material and financial effect on the Company. However, the State of Nevada's laws and regulations do not appear to the Company to impose in the near or long term, any restrictive policies that would cause significant harm to the Company nor hinder it from the development of operations there.

Competition

The mining industry (exploration and development) is intensely competitive in all of its phases. The Company competes with numerous other companies possessing greater financial resources and technical facilities. There is no guarantee in the future that the Company may not lose or forfeit a mineral property because of a relative lack of funding, personnel or expertise.

Title

While the Company has registered all their claims and licenses with the appropriate mining authorities and have filed all required documentation needed to keep the claims in good standing, these should not be considered absolute guarantees of irrevocable title to those properties. The Company's properties may also be subject to prior unregistered agreements or transfers and the Company's ownership of these properties may be affected by these or other undetected defects. The Company's properties may include recorded third party claims, which have not been surveyed, rendering uncertainty as to their exact location. The Company may also lose entitlement to claims if certain payments are not met.

Mining Regulation

Mining operations are subject to extensive regulation in the jurisdictions in which its projects are located. Future changes in made by such authorities could adversely affect the Company's holdings and its ability to mine, as well as mining as a whole. The Company has no control over these possible changes. The Company has not filed for any permit to mine with any governmental unit.

However, mining regulations in the State of Nevada are stable and no new alterations or issues have been proposed, as to legislative changes that would adversely affect any present or future mining operations there.

Cash Flow and Ongoing Business

The Company has not generated any cash flow or earnings to support its activities and there can be no assurance that the Company will generate any earnings or cash flow in the future. If the Company does not generate cash flow, additional external funding will be required to finance the Company's activities. This future funding may not be available or, if available, may not be on terms acceptable to the Company and could result in the Company ceasing to exist.

Dilution

Shareholders will suffer dilution with respect to future private and / or public offerings of the Company's common shares (or securities convertible into common shares).

Key Management

The Company has not purchased any "key man" insurance with respect to any of its directors, officers or key personnel to the date hereof. The loss of the Company's President and Chief Executive Officer and its Senior Executive Vice President could have an adverse affect on the Company and its business, financial position and prospects.

Conflicts of Interest

Certain of the Company's directors and officers currently, and may in the future, serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors and officers of conflicts of interest and the Company will rely upon such laws in respect of any director or officer's conflict of interest or in respect of any breaches of duty by any of its directors or officers.

Market Volatility

In the past, there have been instances where the Company's common shares did not trade or where trading was limited. Additionally, the trading price of common shares may be subject to wide fluctuations in response to operating results, results of exploration, market conditions and other events and factors outside the control of the Company. In addition, the stock market has experienced extreme price and volume fluctuations which have affected the market price of junior exploration companies. There can be no assurance that significant price fluctuations will not occur in the future.

1.7 CAPITAL RESOURCES

The Company did not raise any funds during the period.

COMMITMENTS

On June 20, 2014, the Company entered into an Exploration License and Option to Purchase a 100% interest in 227.26 non-contiguous acres (91.97 hectares) of patented mining claims in Table Mountain Mining District, Churchill County, Nevada.

General terms of the Agreement are:

- The Company was granted a three year option with annual payment schedule of: (all amounts in US\$)

<u>Anniversary</u>	<u>OPTION PAYMENT</u>
Upon Execution	\$50,000 (2014) Paid
First Anniversary	\$50,000 (2015) Paid
Second Anniversary	\$50,000 (due June 20, 2016)
Third Anniversary-Purchase	<u>\$2,100,000 (2017)</u>
Total Purchase Price	\$2,250,000 (less \$100,000.00 paid)

- The Company may exercise its Option to purchase 100% ownership of the Property at any time by paying the \$2,250,000 purchase price, less any option payments made previous to its decision to exercise the Option;
- Upon exercise of the Option by payment of the total purchase price of \$2,250,000, the Company will own 100% of the Property and all attendant mining rights to the claims. There are no royalties due to the landowner;
- The Company is granted exclusive rights to explore the property for three (3) years from the date of entry into the Agreement; and
- The Company may terminate the Agreement at any time.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

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

1.9 RELATED PARTY TRANSACTIONS

- (a) During the period ended March 31, 2016, the Company incurred consulting fees of \$50,435 (March 31, 2015: \$108,846) with Integrity Mineral Services LLC., (a company owned by Frank D. Hegner, the CEO, President and a director of the Company) and \$43,745 (March 31, 2015: \$61,296) with Michael Senn a director and senior executive vice president of the Company.
- (b) During the period ended March 31, 2016, payment of rent of \$2,500 (March 31, 2015: \$nil) was paid to Arctic Star Exploration Corp, which is related by a common officer (Binny Jassal) for shared office premises.
- (c) During the period ended March 31, 2016, the Company incurred accounting fees of \$26,250 (March 31, 2015: \$36,000) paid to BJ Financial Accounting Consulting Inc., a company owned by Binny Jassal, CFO of the Company.
- (d) During the period ended March 31, 2016, the Company incurred consulting fees of \$3,707 included in exploration expenses (March 31, 2015: \$42,560) payable to Michael Senn, a director and senior executive vice president of the Company.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

1.11 PROPOSED TRANSACTIONS

N/A

1.12 CRITICAL ACCOUNTING ESTIMATES

Critical Accounting estimates represent estimates that are highly uncertain and for which changes in those estimates could materially impact the Company's financial statements. The two critical accounting estimates applicable to the Company are: the measurement and valuation of deferred exploration expenses and mineral properties, and the valuation of options.

1.13 CHANGES IN ACCOUNTING POLICIES

Future accounting changes

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2014 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and of the

entities it controls, its wholly-owned subsidiaries, 0845837 B.C. Ltd.(active) and Discovery Harbour (USA) LLC (dormant). All significant inter-company balances and transactions have been eliminated.

(b) Foreign currency translation

The functional currency of the Company and its subsidiary, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to the instrument’s contractual provisions. It initially measures financial assets and financial liabilities at their fair value, adding or deducting directly attributable transaction costs (except for transaction costs directly attributable to acquiring financial assets or financial liabilities at fair value through profit or loss, which it recognizes immediately in profit or loss).

The Company’s financial instruments and their classifications, described further below, are as follows:

Financial assets:	Classification:
Cash and cash equivalents	Fair value through profit or loss
Term deposit	Fair value through profit or loss
Accounts and other receivables	Loans and receivables
Investments	Fair value through profit or loss or Available-for-sale
Financial liabilities:	Classification:
Accounts payable	Other financial liabilities

Financial assets

The Company recognizes and derecognizes all financial assets on the trade date. It derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of its ownership to another entity. It classifies financial assets into the following specified categories: financial assets ‘fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ financial assets and ‘loans and receivables’.

It determines the classification at the time of initial recognition, depending on the nature and purpose of the financial assets. The Company does not currently have any financial assets in the held-to-maturity or available-for-sale categories.

The Company’s accounting policy for the category of assets and liabilities presently recognized by the Company is as follows:

Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or

losses arising from this measurement in the Statement of Loss and Comprehensive Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Company measures loans and receivables at amortized cost using the effective interest method, less any impairment, except for short-term receivables for which recognizing interest would be immaterial. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the instrument's expected life (or, where appropriate, a shorter period) to the net carrying amount on initial recognition.

Financial liabilities

Company classifies financial liabilities as either financial liabilities at FVTPL or other financial liabilities.

The Company does not currently have any financial liabilities in the at FVTPL category.

Other financial liabilities

The Company initially measures other financial liabilities, consisting of accounts payable and amounts due to related parties, at their fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, recognizing interest expense on an effective yield basis.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

The Company assesses financial assets, other than those at FVTPL, for indications of impairment at the end of each reporting period. For financial assets carried at amortized cost, the amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(e) Exploration and evaluation expenditures

The Company capitalizes all costs of acquiring, retaining, evaluating and exploring resource properties or an interest in such properties. Such costs include, but are not limited to, geological consulting, drilling and related expenses, sampling, assay expenditures, geophysical studies and other exploration costs directly related to the development of such properties. The Company expenses costs incurred before obtaining the legal rights to explore an area. It also writes off the accumulated capitalized costs relating to non-productive properties in which it abandons an interest.

The Company expects to amortize the capitalized costs in the future, over the estimated useful life of the producing properties, on a method relating recoverable reserve volumes to production volumes. The current carrying amount, based on capitalized costs, does not necessarily reflect present or future fair values.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of the properties, and on future production or proceeds of disposition.

The Company reviews the recoverability of the carrying values of its exploration and evaluation expenditures at each reporting period.

It recognizes an impairment loss when the carrying value exceeds the recoverable amount, estimated with reference to facts and circumstances including current exploration results and management's assessment of the future probability of receiving positive cash flows from successfully developing or selling the property. Since the Company is in the exploration stage, it has not yet conclusively determined whether the properties have economically recoverable reserves.

(f) Equipment

The Company records equipment at cost less accumulated depreciation and accumulated impairment losses. It recognizes depreciation to write off the cost of assets less their residual values over their

useful lives, using the following methods and rates:

Furniture and fixtures - 20% declining balance

The Company capitalizes depreciation of equipment used in evaluating and exploring its properties, and recognizes depreciation of all other equipment as part of profit or loss. The Company reviews the estimated useful lives, residual values and depreciation method at each year end, accounting for the effect of any changes in estimate on a prospective basis.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(g) Loss per share

The Company calculates basic loss per share by dividing the loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

(h) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(i) Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its equipment and finite life intangible assets, including deferred evaluation and exploration expenditures, to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such

indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows).

If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have been existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales tax or duty. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Revenue is recognized as interest accrues (using the effective interest rate - that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other income

Revenue from other income is recognized upon completion of the services for which the measurement of the consideration can be reasonably assured and the ultimate collection is reasonably assured.

(k) Provisions including asset retirement obligations

The Company recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable it will be required to settle the obligation, and it can make a reliable estimate of its amount. The amount it recognizes as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the surrounding risks and uncertainties. Where it measures a provision using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows, calculated using a pre-tax discount rate reflecting the risks specific to the liability. The Company adjusts the liability at the end of each reporting period for the unwinding of the discount rate and for changes to the discount rate or to the amount or timing of the estimated cash flows underlying the obligation. In particular, as a result of exploring, developing and operating its mineral properties, the Company may incur legal or constructive obligations to incur asset retirement or site restoration costs. It measures these obligations at its best estimate of their net present value and capitalizes their cost to the related asset's carrying amount.

As at March 31, 2016, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for asset retirement obligations has been made.

(l) **Share based payment transactions**

The Company's share option plan allows the Company's employees and consultants to acquire shares of the Company. The Company measures equity-settled share-based payments issued under the stock option plan at the fair value of the equity instruments at the grant date. The Company calculates the fair value using the Black-Scholes option valuation model and expenses this amount over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, crediting the amounts to contributed surplus. It revises its estimate of the number of equity instruments expected to vest at the end of each reporting period, recognizing the impact of revising the original estimates, if any, in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other paid-in capital. When options are exercised, the Company credits the proceeds, together with the amount originally credited to contributed surplus, to share capital.

In the case of consultants, the value of the options is measured based on fair value of goods or services provided, unless it cannot be reliably determined.

(m) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the depreciation of equipment, valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that exploration and evaluation expenditures incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax 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.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(a) Fair values

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 fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The Company's cash and cash equivalents, term deposit and investment in shares have been valued using Level 1 inputs. Share purchase warrants included in investments have been valued using Level 3 inputs. The carrying value of accounts and other receivables, due from a related party, due to related parties, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2016 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	\$ 14,357	\$ -	\$ -	\$ 14,357
Term deposits	170,569	-	-	170,569
Investments	44,300	-	1	44,301
	\$ 229,226	\$ -	\$ 1	\$ 229,227

Credit risk is the loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is attributable to GST receivable from Canadian Federal government and term deposits. The credit risk is minimized by placing cash and term deposits with major Canadian financial institutions. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk concentration with respect to financial instruments above is remote.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's programs and are not invested in any asset-backed deposits or investments.

As at March 31, 2016, the Company had cash and cash equivalents and term deposit balance of \$184,926 (September 30, 2015 - \$401,978) to settle current liabilities of \$20,237 (September 30, 2015 - \$29,030). All of the Company's significant liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) 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.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments.

ii) Foreign currency risk

The Company's functional currency for itself and its subsidiaries is the Canadian dollar and major expenditures are transacted in Canadian dollars. The Company is also subject to foreign exchange risk for transactions in its 2Bar property located in USA.

iii) Commodity price risk

The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

It is management's opinion that the fair value of the Company's cash, short term investments, loan receivables, accounts receivable, accounts payable and accrued liabilities, and advances approximate their carrying value due to the relatively short periods to the maturity of the instruments.

Marketable securities are classified as available-for-sale security. Such securities are measured at fair value in the financial statements with the unrealized gains or losses recorded in other comprehensive income. At the time securities are sold or otherwise disposed of, gains and losses are included in net income (loss).

None of the Company's financial instruments are denominated in U.S. dollars, and the Company does not use foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

1.15 OTHER MD&A REQUIREMENTS

Financial And Disclosure Controls And Procedures

During the period ended March 31, 2016, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements for the period ended March 31, 2016 (together the "Interim Filings").

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Outstanding Share Data

- a) The Company's authorized share capital consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class.
- b) As of May 06, 2016, the Company had a total of 53,393,513 (September 30, 2015: 53,393,513) common shares issued and outstanding.
- c) As of May 06, 2016, the Company had 15,050,000 (September 30, 2015: 15,050,000) warrants outstanding enabling holders to acquire the following:

Number of shares	Exercise Price	Expiry Date
11,000,000	\$0.20	December 31, 2016
4,050,000	\$0.10	April 24, 2017
15,050,000		

- d) As of May 06, 2016, the Company had 3,925,000 (September 30, 2015: 3,925,000) stock options outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
600,000	\$0.30	September 30, 2016
120,000	\$0.30	July 05, 2020
55,000	\$0.41	November 23, 2020
3,150,000	\$0.10	March 23, 2020
3,925,000		

Additional Disclosure for Venture Issuers without Significant Revenue
Schedule of General and Administrative costs:

	Three Months Ended March 31 2016	Three Months Ended March 31 2015	Six Months Ended March 31 2016	Six Months Ended March 31 2015
Expenses				
Accounting and audit	\$ 12,675	\$ 18,500	\$ 26,250	\$ 36,500
Amortization	163	107	184	215
Bank and interest charges	428	554	905	1,153
Consulting fees	32,200	116,898	109,179	200,143
Filing fee	6,879	8,240	7,689	8,740
Foreign exchange	13,733	(20,794)	4,925	(20,794)
Investors communication	-	2,048	3,528	7,332
Legal	2,160	18,581	4,061	20,557
Office and administration	9,443	9,478	20,930	16,994
Rent	1,500	3,630	3,091	7,260
Share transfer agent	1,179	1,435	3,412	3,805
Stock based compensation	-	167,360	-	167,360
Trade shows	-	5,037	-	5,037
Travel	-	9,356	2,221	11,776
	\$ 80,360	\$ 340,430	\$ 186,375	\$ 466,078

Schedule of Exploration and Development Costs:

	2 Bar	Total
Deferred Exploration Expenditures		
Balance on September 30, 2015	\$ 848,507	\$ 848,507
Drilling	-	-
Travel	-	-
Telecommunications	217	217
Field & Camp Costs	-	-
Fuel	-	-
Repair & Maintenance	-	-
Consulting	12,797	12,797
Freight	-	-
Assays and Lab Process	16,349	16,349
Claim staking	-	-
Mob-Demob	-	-
Air Craft – Fixed Wing	-	-
Others	-	-
Survey	-	-
Helicopter	-	-
Balance on March 31, 2016	877,870	877,870
Property Acquisitions		
Balance on September 30, 2015	\$ 137,425	\$ 137,425
Additions	-	-
Balance on March 31, 2016	137,425	137,425
Exploration and evaluation expenditures on March 31, 2016	\$ 1,015,295	\$ 1,015,295

Additional Information

Additional information about the Company can be found on www.sedar.com.

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