



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**For the three months ended March 31, 2015**

**May 22, 2015**

### **GENERAL**

This Management Discussion and Analysis ("MD&A") is dated May 22, 2015 and is in respect of the three month period ended March 31, 2015. The following discussion of the financial condition and results of operations of Metals Creek Resources Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three month period ended March 31, 2015.

The discussion should be read in conjunction with the Company's condensed interim financial statements and corresponding notes to the financial statements for the three month period ended March 31, 2014 and the annual audited financial statements and corresponding notes to the financial statements for the year ended December 31, 2014, the most recently completed fiscal period. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars which is the Company's functional and reporting currency.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **GOING CONCERN**

The condensed interim financial statements of the Company for the three month period ended March 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition.

The Company is an exploration stage company that has not earned any significant revenues to date, is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

### **OVERVIEW OF BUSINESS**

The focus of the Company is to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching, and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists of projects focusing on gold, base metals and platinum group metals.

## FINANCIAL AND OPERATIONAL PERFORMANCE

### Financial Condition

The Company's cash balance as at March 31, 2015 was \$28,952 (December 31, 2014 - \$58,637) as well as short term investments totaling \$857,660 (December 31, 2014 - \$1,018,948). All investments are held in fully liquid instruments with Canadian Financial Institutions.

Current assets of the Company as at March 31, 2015 were \$939,007 compared to \$1,150,987 as at December 31, 2014. The decrease was attributable to expenditures on the Company's exploration and evaluation assets and for general and administrative purposes.

Total assets as at March 31, 2015 \$6,098,534 compared to \$6,216,784 as at December 31, 2014. This decrease was attributable to general and administrative expenses funded through current assets during the year.

Current liabilities as at March 31, 2015 were \$54,265 compared to \$71,832 at December 31, 2014.

Shareholders' equity decreased to \$6,044,269 from \$6,144,952, as a result of the net loss incurred during the current period.

### Results of Operations

The Company earned interest and investment income of \$7,648 during the period ended March 31, 2015 (March 31, 2014: \$6,964) as a result of interest earned on short term investments during the period. In addition, the Company recorded a gain on sale of exploration and evaluation assets of nil (March 31, 2014: \$5,000). Finally, the Company recorded a gain on the disposal of long term investments during the period of \$1,165 (March 31, 2014: \$34,333 - loss).

Total expenses for the period ended March 31, 2015 were \$120,009 compared to \$295,844 for the comparative period in the previous year, decreased due to an increase in the value of the Company's long term investments reflected in the adjustment to fair market value. Comprehensive loss for the period ended March 31, 2015 was \$108,526 or \$0.001 loss per share versus a comprehensive loss of \$317,688 or 0.003 per share in the previous year's comparative period.

Expenses incurred during the three month period ended March 31, 2015 consist of:

- i) Business development of \$13,800 (March 31, 2014 - \$29,664) (decreased due to decreased advertising and promotion activities and associated travel expenditures in an effort to conserve capital)
- ii) Depreciation of capital assets of \$3,584 (March 31, 2014 - \$4,315)
- iii) Professional fees of \$17,031 (March 31, 2014 - \$17,489) (these amounts include legal, audit and accounting and consultants)
- iv) Office and general of \$27,372 (March 31, 2014 - \$30,542) (representing office supplies, printing, and presentations, consulting and occupancy costs)
- v) Salaries and benefits of \$94,760 (March 31, 2014 - \$101,225) (which decreased in the current period due to the Company contracting out its geological team further in the current year to other companies in order to preserve capital)
- vi) Share-based payments of \$7,843 (March 31, 2014 - \$10,797) (recorded upon vesting of stock options to employees, directors and officers and is dependent upon vesting levels in a given period)
- vii) Pre-acquisition exploration and evaluation expenses of \$18,642 (March 31, 2014 - \$65,811) (which consists of costs incurred to evaluate potential exploration properties and experienced an increase over the comparative year due to lower levels of evaluation work on prospective land positions)
- viii) Adjustments to fair value for fair value through profit and loss investments of \$63,023 (unrealized gain) (March 31, 2014 - \$36,001 (unrealized loss)) (which represents the unrealized change in fair market value of the Company's long-term investments with such values increasing in the current period significantly)

The cumulative deficit from inception of the Corporation is \$10,743,592.

## Cash Flows

Cash used in operating activities of \$169,247 during the period ended March 31, 2015 versus cash used in operating activities of \$243,883 in the comparative prior period.

Cash flows from financing activities was \$160,288 in the current period versus cash flows used in financing activities of \$112,287 period in the prior year, due solely to the timing of redemptions of short-term investments to fund exploration and evaluation expenditures as well as general and administrative expenses.

Cash used in investing activities was \$20,726 for the period ended March 31, 2015 versus cash flows from investing activities in the amount of \$69,187 for the comparative period in the prior year. The decrease was attributable to significant cash from proceeds from the sale of long term investments during the previous year's comparative period.

## SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the eight most recent completed quarters since incorporation.

	Period Ended Mar/15	Period Ended Dec/14	Period Ended Sept/14	Period Ended June/14	Period Ended Mar/14	Period Ended Dec/13	Period Ended Sept/13	Period Ended June/13
Revenue – Interest Income (loss)	\$7,648	\$5,625	\$6,451	\$7,000	\$6,964	\$7,049	\$9,415	\$9,845
Income (Loss) for the Period	\$(108,526)	\$(2,350,363)	\$(370,920)	\$(183,299)	\$(317,688)	\$(471,485)	\$534,764	\$(221,850)
Income (Loss) Per Share	\$(0.001)	\$(0.021)	\$(0.004)	\$(0.002)	\$(0.003)	\$0.00	\$0.005	\$(0.002)

## SELECTED ANNUAL FINANCIAL INFORMATION

Year Ended December 31	2014	2013	2012
Interest and investment income	\$ 26,040	\$ 35,791	\$ 27,807
Net loss and comprehensive loss	\$ (3,232,270)	\$ (490,859)	\$ (2,988,833)
Loss per share – basic and diluted	\$ (0.03)	\$ -	\$ (0.03)
Total assets	\$ 6,216,784	\$ 9,429,179	\$ 9,855,140
Deferred income tax expense (recovery)	\$ -	\$ -	\$ (117,431)
Dividends	\$ NIL	\$ NIL	\$ NIL

## LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2015, the Company had cash of \$28,952 (December 31, 2014 - \$58,637) and held short-term investments of \$857,660 (December 31, 2014: \$1,018,948). H.S.T from the Canada Revenue Agency, interest and other receivables at March 31, 2015 were \$15,066 (December 31, 2014 - \$19,892). Prepaid expenses were \$7,472 (December 31, 2014 - \$12,253). Finally, staking security deposits were \$29,857 at December 31, 2014 (December 31, 2014 - \$41,257).

Accounts payable and accrued liabilities of \$54,265 at March 31, 2014 (December 31, 2014 - \$71,832) includes period end accruals for expenditures on mineral properties, legal and audit fees, consultants and other amounts. These were incurred in the normal course of business and settled subsequently.

Working capital at March 31, 2015 is \$884,742 (December 31, 2014 - \$1,079,155). During the period ended March 31, 2014, NIL proceeds were raised by the Company from the issuance of common shares, exercise of share purchase warrants and stock options (December 31, 2014 – NIL).

At this time the Company does not own or operate any revenue producing mineral properties, and accordingly, does not have cash flow from operations. The Company raises funds for exploration, development and general overhead

and other expenses through the issuance of shares from treasury. This method of financing has been the principal source of funding for the Company since inception.

The Company also funds exploration at certain of its other properties through payments received from option agreements with other companies who have agreed to fund exploration in exchange for the right to earn an interest in the properties.

In addition to the funds in the Company's treasury, the Company intends to continue raising funds for future exploration and general overhead and other working capital through the continuation of issuances of shares from treasury and through earn-in or option agreements with other mineral exploration and mining companies.

The Company applies the fair value method of accounting for share-based payments to directors, officers, and employees and accordingly \$7,843 (March 31, 2014 - \$10,797) is recorded as share-based payments expense and under capital stock as reserves for the 308,784 options vesting to directors, officers, employees and during the period ended March 31, 2015.

The Company funds its project expenditures by raising equity financing. If in the event that future private placement financings cannot be completed, the Company would have to review its budgeted project expenditures and revise where necessary including reviewing property option agreements to determine if continuation in such agreements on their anniversary dates is feasible. Management continues to seek out capital required to undertake its exploration work commitments and for working capital to meet project work commitments.

As at March 31, 2015, the Company has no outstanding obligation to expend on qualified exploration and development expenditures, as a result of raising capital through the issuance of flow-through shares.

## **MINERAL PROPERTIES**

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned or if substantive expenditure on further exploration and evaluation is neither budgeted or planned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written-down if the properties are allowed to lapse, are impaired or are abandoned or if substantive expenditure on further exploration and evaluation is neither budgeted or planned. The deferred costs associated with each property are as follows:

**For the period ended March 31, 2015**

	Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Iron Horse (f)	Other (g)	Total
<b>Dec. 31, 2014 - Acquisition Costs</b>	\$ 176,891	431,167	57,237	2,054	-	-	237,757	905,106
Additions	-	-	-	-	-	-	294	294
Writedowns/Recoveries	-	-	-	-	-	-	(1,500)	(1,500)
<i>Subtotal</i>	\$ -	-	-	-	-	-	(1,206)	(1,206)
<b>Mar. 31, 2015 - Acquisition Costs</b>	<b>\$ 176,891</b>	<b>431,167</b>	<b>57,237</b>	<b>2,054</b>	<b>-</b>	<b>-</b>	<b>236,551</b>	<b>903,900</b>
<b>Dec. 31, 2014 - Exploration and Evaluation Expenditures</b>	\$ -	3,791,945	151,234	-	-	-	(96,754)	3,846,425
Assaying	-	65	-	-	-	-	266	331
Geological	8,272	16,523	1,540	-	3,054	-	4,304	33,697
Geophysical	-	-	-	-	-	-	1,614	1,614
Diamond Drilling	-	3,034	180	-	450	-	306	3,970
Writedowns/Recoveries	-	-	-	-	-	-	-	-
<i>Subtotal</i>	\$ 8,272	19,622	1,720	-	3,508	-	6,490	39,612
<b>Mar. 31, 2015 - Exploration and Evaluation Expenditures</b>	<b>\$ 8,272</b>	<b>3,811,567</b>	<b>152,954</b>	<b>-</b>	<b>3,508</b>	<b>-</b>	<b>(90,264)</b>	<b>3,886,037</b>
<b>Mar. 31, 2015 - Total</b>	<b>\$ 185,163</b>	<b>4,242,734</b>	<b>210,191</b>	<b>2,054</b>	<b>3,508</b>	<b>-</b>	<b>146,287</b>	<b>4,789,937</b>

**For the year ended December 31, 2014**

	Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Iron Horse (f)	Other (g)	Total
<b>Dec. 31, 2013 - Acquisition Costs</b>	\$ 176,891	415,709	57,237	2,054	7,450	-	301,573	960,914
Additions	-	15,458	-	-	3,110	-	34,259	52,827
Writedowns/Recoveries	-	-	-	-	(10,560)	-	(98,075)	(108,635)
<i>Subtotal</i>	\$ -	15,458	-	-	(7,450)	-	(63,816)	(55,808)
<b>Dec. 31, 2014 - Acquisition Costs</b>	\$ <b>176,891</b>	<b>431,167</b>	<b>57,237</b>	<b>2,054</b>	-	-	<b>237,757</b>	<b>905,106</b>
<b>Dec. 31, 2013 - Exploration and Evaluation Expenditures</b>	\$ 1,150,696	3,742,482	129,740	357,585	1,500	-	384,341	5,766,344
Assaying	1,613	330	684	-	2,730	-	3,241	8,598
Prospecting	3,259	-	180	915	29,807	-	14,678	48,839
Geological	20,317	39,487	18,925	719	19,645	-	43,217	142,310
Geophysical	-	-	-	-	-	-	5,918	5,918
Diamond Drilling	-	9,646	1,705	-	1,800	-	-	13,151
Miscellaneous	-	-	-	-	-	-	538	538
Writedowns/Recoveries	(1,175,885)	-	-	(359,219)	(55,482)	-	(548,687)	(2,139,273)
<i>Subtotal</i>	\$ (1,150,696)	49,463	21,494	(357,585)	(1,500)	-	(481,095)	(1,919,919)
<b>Dec. 31, 2014 - Exploration and Evaluation Expenditures</b>	\$ -	<b>3,791,945</b>	<b>151,234</b>	-	-	-	<b>(96,754)</b>	<b>3,846,425</b>
<b>Dec. 31, 2014 - Total</b>	\$ <b>176,891</b>	<b>4,223,112</b>	<b>208,471</b>	<b>2,054</b>	-	-	<b>141,003</b>	<b>4,751,531</b>

**(a) Dog Paw Gold**

In 2007, the Company has acquired an option on the Dog Paw gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The company has entered into an option agreement with Endurance Gold Corp. whereby under the First Option, as defined in the agreement, the Company has earned a 70% interest in the property by making share payments totaling 400,000 shares and completing work commitments of \$200,000 on the property. During 2010, the Company earned in for the Second Option, as defined in the agreement, gaining a further 5% in the property by issuing a 50,000 common shares and spending an additional \$250,000 on the property. With the Company earning in on the Option and having earned a 75% interest in the Property, a joint venture has been formed on a 75% (the Company) and 25% (Endurance Gold Corp.) basis. The Company recovered \$33,909 from Endurance Gold Corp. during 2010 for their share of the joint venture expenditures. This recovery reduced the carrying value of the Dog Paw project.

The share payments were issued as follows:

First Option	400,000 common shares (issued March 30, 2007)
Second Option	50,000 common shares (issued June 9, 2008)

The Dog Paw Lake Property lies within the central portion of the east-trending Wabigoon Sub-province and is host to numerous gold occurrences which have seen little exploration. This western part of the Wabigoon greenstone belt is an emerging gold camp with exciting drill intercepts coming from both Houston Lake Mining (Dubenski Showing) and Rainy River Resources (17 Zone, and ODM Zone). The Cameron Lake Deposit is currently the subject of a buyout by Coventry Resources from Nuinsco Resources. This project will be the subject of a review and drill program in late 2010.

During 2008-2010 period, the company performed systematic prospecting/mapping programs on the Dogpaw property to help better define and advance known gold occurrences as well as advance the property through discovery of additional mineralization. During the period of 2008, 309 surface grab samples were collected with assays ranging from <5 ppb (parts per billion) to 90,155 ppb gold. This program resulted in the discovery of 3 new gold showings on the Stephens Lake claim block, with assays up to 18.56 g/t gold within a broad zone of carbonate alteration and associated pyrite mineralization within what is interpreted to be North-South trending structures up to 50m in width. Very little historic work has been performed in the vicinity of the 3 newly discovered gold showings. 2009 saw a continuation of additional prospecting and geological mapping to further advance our understanding of the Stephen's Lake claim block as well as evaluating the historic Flint Lake Zone which returned assay results ranging 0.34g/t (grams per tonne) to 133.2 g/t gold from 26 surface grab samples. Mineralization within the main Flint Lake Zone is hosted within quartz veins with 5-15m wide shear zones. Visible gold was noted within these quartz veins. 2010 saw the cutting of 3 grids over the flint lake, stephen's lake and bag lake zones as well as an induced polarization (IP) ground geophysical program for the purpose of better defining known zones of mineralization. Additional follow-up mapping and prospecting was initiated as well.

During the year ended December 31, 2012, the Company completed prospecting and a trenching program on the Flint Lake portion of the Dog Paw project. The trenching program targeted both the Flint Lake and Stephens Lake occurrences which are separated by approximately five (5) kilometers. These occurrences host a number of discrete gold zones that are being advanced to a drill testing stage. The best trenching results were from the Stephens Lake occurrence, which is hosted within the Stephens Lake granodiorite stock. Highlights from the trenching program include trench STR2 in the D-Zone target, which returned a surface channel cut of 1.43 g/t gold over 21 meters. As a matter of interest, the trench started in mineralization with the first channel sample assaying 737 parts per billion ("ppb") gold, and ended in mineralization with the last sample assaying 373 ppb gold. The zone remains completely open in all directions as the trench terminates in overburden on both ends, with mineralization interpreted to continue through trench STR3, which returned a surface channel cut of 1.42 g/t gold over 10 meters. At Stephens Lake, a second parallel zone of gold mineralization (Busch Zone) was also trenched, trenches STR4 through STR7. Trench STR7 returned a surface channel interval of 1.03 g/t gold over 20 meters.

At the Stephens Lake occurrence, mineralization is hosted within an altered granodiorite intrusion with associated carbonatization and pyrite mineralization. Seven trenches were excavated on the Stephens portion of the property delineating two separate zones of gold mineralization, with many other gold occurrences yet to be evaluated.

The Company presently has no planned exploration activity on the project due to current market conditions and has written off exploration and evaluation expenditures totaling \$1,175,885 during 2014.

**(b) Ogden Township Property – Goldcorp Option**

During 2008 the Company signed an option agreement with Goldcorp Canada Ltd. (“Goldcorp”) to jointly explore Goldcorp’s mining claims located in Ogden and Deloro Townships, located six km south of Timmins city centre, Ontario. The package consists of 84 patented and unpatented claims totaling approximately 1184 hectares (the “Property”) and covers eight kilometers of strike length along the east-west striking, highly prospective, Porcupine-Destor “Break”. The Dome Mine complex and five large past producers are located between three and eight kilometers to the east of the Property along the gold trend. Past production of these mines include: the Delnite (920,000 oz), Aunor (2,502,000 oz), Buffalo-Ankerite (957,000 oz), Paymaster (1,192,000 oz), and Preston (1,539,000 oz). Goldcorp’s current operation at the Dome Mine Complex is located 8 km from the Property, and has produced in excess of 16 million oz. of gold to date. (Source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist’s District to the end of 2006). Recent discoveries in the district include Lake Shore Gold’s Timmins West project, located 10 km to the west of the Property, along the same gold trend. This project is the focus of shaft sinking and underground development to access an Indicated Mineral Resource of 1,291,000 oz. (Source: News Release, TSX:LSG, Nov. 20,2006).

Within the Property, the Porcupine-Destor Break is represented as a sheared and altered contact between ultramafic and mafic volcanics. A discontinuous Timiskaming-aged conglomerate and a variety of felsic porphyries are found proximal to the Break with carbonate and sericite alteration being widespread. The Property hosts the past producing Naybob Mine, which had historic gold production of 50,731 oz (source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist’s District to the end of 2006). Drilling in the past has been wide spaced and shallow with most of the drilling concentrated near the Naybob Mine and a cluster of shallow holes in the Thomas Ogden Zone, located 4 km to the west. Prior to 2000, claim ownership and gold exploration was disjointed and the Property had been comprised of at least six separate packages. Since then, the properties have been combined and a more systematic exploration approach has been made possible.

The agreement allows for the Company (MEK) to earn 50% of Goldcorp’s interest in the Property by funding total expenditures on the Property of \$3,100,000 over four years as follows (**completed**):

- (i) \$400,000 in year one;
- (ii) \$700,000 in year two; and
- (iii) \$1,000,000 in each of years three and four.

The Company will also make cash and share payments to Goldcorp as follows (**completed**):

- (i) \$40,000 cash and \$25,000 worth of common shares on signing,
- (ii) \$35,000 cash and \$25,000 worth of common shares on the first anniversary,
- (iii) \$35,000 cash and \$50,000 worth of common shares on the second anniversary,
- (iv) \$100,000 worth of common shares on the third anniversary, and
- (iv) \$150,000 worth of common shares on the fourth anniversary.

Work expenditures and cash and share payments are compulsory in the first year, but thereafter are at the option of the Company. The issuance price of the Company’s common shares to be issued pursuant to the Agreement shall be calculated based on the volume weighted average of the common shares over the 20 trading days preceding the issuance, subject to a floor of \$0.05 per share (in which case the Company is obligated to make a cash payment reflecting the difference between the volume weighted average calculation and \$0.05 per share) and subject to compliance with the policies of the TSX Venture Exchange. For greater certainty, in no event will shares of the Company be issued at a price lower than the discounted market price on the date they are to be issued. The Corporation will issue 128,205 Common Shares at a deemed issuance price of \$0.195 per share in order to satisfy the \$25,000 worth of common shares required to be delivered upon signing of the Agreement.

The Company will be the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. Within six months of the Company’s vesting at 50% interest in the Property, Goldcorp has the option to buy backing for an additional 20% interest from the Company for a cash payment of \$310,000, expending \$4,100,000 on the property within two years, and completing a feasibility study within three



years. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

During the year ended December 31, 2009, the Company announced the results of data compiled on the Property identifying 3 historic zones of gold mineralization, including the Thomas Ogden Zone, the Naybob South Zone and the Naybob North Zone. Both the Naybob South and Naybob North Zones have seen differing degrees of development and production which includes historic production of 50,731 oz of gold (Source: Government of Ontario, MNM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006).

The Naybob North Zone was the focus of underground development down to 411m, including 11 levels, with the majority of the production occurring within the upper 6 levels. The Naybob South Zone is located approximately 155m to the south and sub-parallel to Naybob North Zone and has seen substantially less development. The Thomas Ogden Zone is located 4 km west of the Naybob mine. Drilling in the past has been wide spaced and shallow with most of the drilling concentrated near the Naybob Mine and a cluster of shallow holes in the Thomas Ogden Zone. Outside of these two areas has seen very little exploration drilling. A linear 4km prospective IP (Induced Polarization) ground geophysical anomaly has been identified over a majority of the 4 km between the two zones and remains relatively untested and adds to the exploration potential for additional resource discovery on the property.

The Naybob South Zone provides an excellent exploration target with historic near surface results including down hole intercepts of 5.37m of 6.33 g/t Au and 1.83m of 11.85 g/t Au. Historically, 600m of mineralization has been defined down to a depth of approximately 200m vertically. Near surface high grade mineralization has been a focus over the last six months for the Corporation on the Naybob South Zone as well as targeting for possible mineralized zones at depth. Historic results from the Thomas Ogden Zone also include a historic down hole intercept of 2.4m of 5.7 g/t Au.

Since the signing of this option agreement with Goldcorp Canada Ltd. and Goldcorp Inc. in November, 2008, Metals Creek has drilled a total of 92 diamond drill holes totaling 23,436 meters. The majority of these holes targeted both the Naybob South mineralized horizon and the Thomas Ogden Zone which is located 4km to the west.

Initially, the majority of the exploration work conducted was focused on the Naybob South Zone where 26 diamond drill holes were drilled totaling 4225m. The majority of these holes targeted near surface high grade gold mineralization within 100m of surface following up on previously mentioned historic intercepts. With the Goldcorp mine and mill complex only 8km away, Metals Creek began drilling the near surface gold mineralization on Naybob South which was the most drill ready of all the gold zones. Gold mineralization has been defined for 600m on surface down to a depth of 200m. Highlights of recent drilling are listed below.

Highlights:

- OG09-012 6.61m down hole intercept (45.24m to 51.85m) of 9.244 g/t Au including 0.76m (45.24m to 46.00m) of 50.132 g/t Au
- OG010-025 7.0m down hole intercept (46.0m to 53.0m) of 5.68 g/t Au.
- OG11-02 6.63m down hole intercept (87.80m to 94.43m) of 6.217 g/t Au

The Thomas Ogden Zone which is located 4 kilometers west of Naybob South has seen a significant increase in the amount of work being performed over the last couple of years. This is primarily due to a better understanding of the geology and geometry of the mineralized zone thus resulting in greater success from recent drilling. Historically, the Thomas Ogden Zone has seen exploration back as far as the 1930's with the intersection of mineralized porphyries from historic drilling. Historic grades include 1.51 g/t gold over 21.4m and 1.01 g/t gold over 37.2m. These results are historic in nature and have not been verified. Recent drilling by Metals Creek has resulted in a clearer understanding of the geology related to the gold mineralization in particular the complex nature of the porphyry style mineralization which seems to be key with regards to the emplacement of gold. The identification of structural folding within the zone itself has greatly aided in the engineering of drill holes. The near surface mineralization encountered within TOG which including an intercept of 4.37 g/t gold over 23.4m has demonstrated the potential for a bulk tonnage near surface low grade resource with significant drilling still needed to define the geometry and grade of the horizon. Increasing the drill density and extending the near surface mineralization to depth has been the focus of recent drill programs. Some deeper drilling following-up on a down hole geophysical IP

(Induced Polarization) has resulted in the discovery of additional gold mineralization at depth including an intercept of 13.07 g/t gold over 2.88m which represents to the deepest hole to date within the TOG zone to intersect gold.. This gold mineralization also coincides with a significant flexure in the Thomas Ogden Stratigraphy at depth, thus making this new target a high priority going forward. Gold mineralization has now been traced in excess of 400m and still open in both directions and at depth. A total of 45 holes totalling 13,527m has been drilled to date by Metals Creek within the Thomas Ogden Zone. A summary of significant holes within the Thomas Ogden Zone is listed below.

- TOG10-021 75.85m intercept of 1.94 g/t gold including 23.4m intercept of 4.37 g/t gold. Near surface intercept.
- TOG11-011 94.0m intercept of 1.92 g/t gold. Near surface intercept.
- TOG12-03 27.5m intercept of 1.143 g/t gold and 23.3m intercept of 5.728 g/t gold. Near surface intercept
- TOG11-02 3.28m intercept of 9.408 g/t gold. Deep mineralization.
- TOG11-08 2.88m intercept of 13.07 g/t gold. Deep mineralization

Both the Naybob North and Porphyry Hill zones have seen varying degrees of work with the majority of the exploration efforts being directed towards Naybob South and the Thomas Ogden Zone. Porphyry hill is a syenitic intrusion with local gold assays from surface grab samples up to 64 g/t gold. A total of 8 holes were drilled totalling 1872m with several holes not reaching their target due to significant fault gouge zones. Alteration appears to be increasing to depth making this a prospective target going forward. Naybob North is where most of the development and production took place. The down plunge potential is currently being evaluated.

On May 15, 2012, the Corporation announced assay results of its last three holes from the winter diamond drill program on its Ogden Gold Project. Highlights from these three holes drilled on the Thomas Ogden Zone include Two holes, TOG-12- 05 and TOG 12-06 both targeted near surface gold mineralization and were drilled 25m apart along the western extension of the Thomas Ogden Zone. Hole TOG 12-05 returned an intercept of 2.34g/t (grams per tonne) gold over 43.7m (141.3m to 185.0m) including a higher grade intersection of 5.04 g/t gold over 15.0m (170.0m to 185.0m). The second hole, TOG12-06 intersected 5.83 g/t gold over 16.27m (146.60m to 162.87m). The third hole TOG 12-02, returned two zones of mineralization with the upper zone intersecting 3.60 g/t gold over 2.7m (370.0m to 372.7m) and a lower zone assaying 4.03 g/t gold over 1.0m (450.15m to 451.15m). This hole was designed to target the continuity of deeper mineralization within the down-plunge extension of the Thomas Ogden Zone and undercut 30m below previously released hole TOG11-03 (Company news release May 19, 2011) returning an intercept of 6.73 g/t gold over 1.0m.

A second phase of drilling occurred in the fall/winter period ending December 31, 2012 and released in January of 2013 a diamond drill program of 4 holes targeting the western portion of the TOG zone with special emphasis on determining the orientation of recently interpreted fold structures thought to be an important factor in the emplacement of the gold. Results from these holes include TOG-12-07 which returned a down hole intercept of 9.46 g/t gold over 18.55m, TOG-12-09 returning an intercept of 25.0m of 1.30 g/t gold and TOG-12-010 returning a down hole intercept of 12.95m of 2.25 g/t gold. All 4 holes were targeting near surface mineralization.

On June 19, 2012, the Company announced that it has sent formal notice to Goldcorp informing them that the Corporation has met the expenditure requirements to earn a 50% interest in the Ogden Gold Property located in the Timmins Gold camp. Final share issuance has also been submitted. The Company has now earned a 50% interest in the Ogden Property and Goldcorp has up to six months to inform the Company of its decision regarding three options. These options include whether it will fund an on-going exploration program at 50%, reduce its interest by not contributing to an exploration program or exercise a 20% back-in by committing to make a cash payment to the Company, funding a total of 4.1 million dollars in exploration expenditures and completing a feasibility study.

During the year ended December 31, 2012, the Company received notification from Goldcorp Canada Ltd. and Goldcorp Inc. ("Goldcorp") that it does not intend to pursue its "Back-in Right" on the Ogden Township property. This now paves the way to formalize a 50/50 joint venture with Goldcorp, to continue exploring the Ogden property. The Company will be the operator and subsequent programs will be funded on a 50/50 basis while both companies contribute its share of required funding.

February 26, 2013, the Corporation announced the resumption of drilling at its Ogden Project in Timmins' Ontario. The first of eight holes were released (NR:MEK April 10, 2013) with hole TOG-13-027 returning a down hole intercept of 434.77 g/t gold over 1m. The Corporation also released the final holes (NR:MEK May 22, 2013) of its eight hole program highlighted by its highest grade intercept to date on the Ogden gold property returning an intercept from hole TOG13-025 of 2732.64 g/t gold over 0.93m which was part of a broader zone of mineralization returning a down hole intercept of 210.19 g/t gold (uncut) over 12.53m. All eight holes targeted the Thomas Ogden Zone within 220m of surface.

On November 7, 2013, the Company announced the recommencement of drilling on the Ogden Project which targeted the shallow gold mineralization at the Thomas Ogden Zone. On January 16, 2014, the Company announced intercepts including 1.89 g/t gold over 54.65m in TOG13-38 including 25.7m of 2.79 g/t gold. In addition, TOG13-36 returned 17.05m of 1.90 g/t gold including 6.05m of 4.21 g/t gold. These two in-fill holes confirm the continuous nature of the gold mineralization within the Thomas Ogden Zone and continue to expand on the resource potential. Two other holes completed in this latest drill program, TOG-13-35 and TOG-13-37 were drilled below the eastern plunge of the gold zone, confirming the location of the lower contact.

### **(c) White Gold District (Yukon) – Matson Creek/Squid East & West Blocks**

During the 2012 fiscal year, the Company announced geochemical analysis results from a recently completed C-horizon soil sampling program on its Matson Creek properties in Yukon. This program was following up on anomalous results obtained from a reconnaissance ridge and spur soil sampling program carried out in 2011 (MEK News Release December 1, 2011) The recent program was completed on MEK's two most westerly claim blocks (Squid East and West Blocks) located near Matson Creek, in the northwest part of the White Gold District. The work was carried out in August of 2012 and consisted of detailed soil sampling on 100 to 200m (meters) spaced lines with soils taken every 25m resulting in a total of 988 samples being collected.

The 2012 soil results delineated a strong northwest trending gold plus pathfinder element anomaly located on the Squid East claim block. Anomalous values are remarkably continuous between sample locations with gold ranging from 15 ppb (parts per billion) to 1086 ppb. Associated with the gold assays are strong pathfinder element results which include Ag from below detection up to 78.5 parts per million (ppm), Pb from 5.3 up to 4493.5 ppm, As from 6.9 up to 50.9 ppm, Sb from 0.1 up to 241.2 ppm, Ba from 133 up to 2370 ppm, and Hg from below detection up to 36.32 ppm. The anomaly has minimum dimensions of approximately 450m long by 200m wide and is coincident with a distinct northwesterly trending magnetic low. Several other Au, As and Ba anomalies are also present within this mag low and will require additional follow-up sampling. The strength and size of this newly discovered anomaly is comparable to soil anomalies associated with the recent discoveries in the White Gold District and the associated pathfinder elements are typical of these new discoveries. Metals Creek would also like to thank the Yukon Government for its support of this project through a financial contribution thru the Yukon Mining Incentive Program (YMIP).

The Company initially staked the Yukon properties in February, 2011 and has a 100% interest in four separate claim blocks (242 claims) within the White Gold District. The Matson claims are located upslope from the Matson Creek placer gold operations, approximately 90km southwest of Dawson City. A four wheel drive road accessing the placer operations passes within 3 km of the MEK property. These gold in soil anomalies will continue to be evaluated in 2013 and will be the focus of a detailed sampling and trenching program. The Matson Creek claims continue to add to the Corporations strong portfolio of gold properties. See subsequent events disclosure for occurrences after the reporting date with respect to the Yukon property.

During the year ended December 31, 2013, the Company announced that it has entered into an Option/Joint Venture agreement with GTA Resources ("GTA") in which GTA can earn a 51% to 70% interest in the Company's Squid East property in the Matson Creek area of Yukon. The 82 claim property was initially staked by the Company in 2011 and the Company owns a 100% interest. To earn an initial 51% interest, GTA must make cash payments of \$60,000 over three years (\$20,000 due upon regulatory approval and now received), issue a total of 2,000,000 GTA shares over three years (200,000 due upon regulatory approval and now received) and incur work expenditures of \$2,000,000 over three years (\$500,000 firm including a minimum 400 meters of drilling by 1st anniversary). The Company will be the operator during the earn-in period. Once a 51% interest is earned by GTA, either a 51/49 joint venture will be formed, or GTA may elect to earn an additional 19% interest to bring its total property interest to 70%. The terms to increase its interest from 51% to 70% include payments of \$210,000 and 400,000 GTA shares

within 120 days of the 3rd anniversary date and incurring an additional \$1,000,000 in exploration expenditures by the 5th anniversary. GTA would assume operatorship once it had earned a 51% interest. During the year ended December 31, 2013, the Company recovered \$383,685 in exploration costs incurred under the option agreement. These costs were recorded as a reduction to the deferred exploration and evaluation expenditures with the exception of the operator fee of \$19,399 which was recorded in income during the period.

During the year ended December 31, 2013, the Company announced the discovery of a new gold occurrence on the Squid East project in the Matson Creek area in the Yukon. The initial phase of exploration consisted of a trenching program focused on a strong northwest trending gold plus pathfinder element soil anomaly located on the Squid East claim block. Chip sampling at the newly discovered “Exploits Zone” from recently completed trench E4-3 returned **1.96 grammes per tonne (g/t) gold over the entire 22 meter (m) trench length. Included in this is a higher grade interval of 6.39 g/t gold over 4.0 m.** Individual chip samples within this zone were 2.0 meters long and ranged from 0.25 g/t to 8.55g/t gold. Trenching was limited to 22m within this portion of the trench due to frost conditions on both ends. Mineralization has not been cut-off in terms of defining the width of the zone and remains open in all directions.

On October 8, 2013, the Company announced final assay results on the 4-hole, 428m drill program at the Exploits Zone on the Squid East project. The results show the new zone to have significant gold and silver mineralization returning assay results up to 1.54 grammes per tonne (g/t) gold (Au), 114 g/t silver (Ag) and 0.31% lead (Pb) over 21 meters (m) in hole SE13-002. This hole also contained a higher grade zone of 2.43 g/t Au and 185 g/t Ag and 0.47% Pb over 12 meters.

The drill program targeted mineralization recently reported (News Release: Sept. 12, 2013) from the completed trenching program and has an associated strong northwest trending gold plus pathfinder element soil anomaly. This program was designed to obtain a better understanding of the geometry and style of mineralization encountered at the Exploits Zone. The initial three holes appear to have all collared in the zone and the fourth hole, which was drilled in the opposite direction, was drilled down dip and remained in the interpreted footwall for its entire length.

A table of results is shown below:

Hole	From (m)	To (m)	Length (m)	Au g/t	Ag g/t	Pb %
SE13-001	9.00	21.00	12.00	1.699	81.775	0.312
SE13-002 incl.	12.00 14.00	33.00 26.00	21.00 12.00	1.547 2.431	114.121 185.254	0.315 0.470
SE13-003	6.50	13.00	6.50	0.371	39.892	0.664
SE13-004	NO SIGNIFICANT ASSAYS					

The trenching and drilling carried out over the past season was intended to find a bedrock source to the strong gold plus pathfinder soil anomaly defined in 2012. Results to date indicate that the trenching and drilling may have clipped the eastern side of a gold-silver alteration system which is wide open for expansion. The intersected mineralization is completely oxidized and the combined gold and silver values make this zone somewhat unique in the White Gold District. The Company would like to thank the Yukon Government for its support of this project through a financial contribution from the Yukon Mining Incentive Program (YMIP).

During the nine month period ended September 30, 2014, the Company reported results from bottle roll cyanide extraction test work, reporting an average of 92% gold recovery from drill core and trench samples at the Squid East project.

The primary objective for this metallurgical testing program was to evaluate the leaching characteristics of the weathered gold bearing material intersected in both the drilling and trenching programs completed last summer. This work had partially defined a new gold/silver system associated with a strong gold plus pathfinder soil anomaly. Results included 22.0 meters of 1.96 g/t gold and 160.6 g/t Ag from trenching and 1.55 g/t gold and 114.1 g/t Ag over 21.0 m from the subsequent drilling (see MEK press releases dated August 6, 2013 and October 8, 2013). The mineralized zone consists of a weathered section of sericite schist with associated porphyritic sections and remains

completely open. The new discovery is within the unglaciated portion of the west central Yukon terrain, proximal to an existing placer mine and is trail accessible.

Six samples were collected from the main trench and two drill holes, and these were submitted for both fire assay and bottle roll cyanide analyses. The bottle roll cyanidation process confirmed that the leachable gold recovery in the selected material averaged 92% and that the weathered material could potentially react well to heap leach extraction methods.

Gold recoveries for the six samples ranged from 83.8 to 95.7% and averaged 92% overall. Gold grades for these six samples ranged from 0.71 grammes per tonne (g/t) Au to 9.99 g/t Au. The following table details the results.

**Table 1. Bottle Roll Cyanidation Performance**

Test No	Sample ID	P80 µm	NaCN g/L	Measured Au (g/t)	Calc. Head Au (g/t)	Recovery Au (%)	Residue Au (g/t)
C1	1308701	80	1.0	8.55	8.18	95.7	0.35
C2	1308707	89	1.0	2.53	2.76	91.0	0.25
C3	SE13-001-005	86	1.0	1.95	1.98	93.2	0.14
C4	SE13-002-007	106	1.0	0.71	0.68	83.8	0.11
C5	SE13-002-008	103	1.0	9.99	8.36	95.1	0.41
C6	SE13-002-013	101	1.0	1.76	1.58	93.4	0.11

In addition, in February 2014 the Company reported silver results from bottle roll cyanide extraction test work, reporting an average of 81.75% silver recovery from drill core and trench samples in the same zone as the gold bottle roll tests.

The silver results, reported here, were obtained from four samples collected from drill core and channel samples. The bottle roll cyanidation process confirmed that the silver recovery in these samples averaged 81.75% indicating that the weathered material could potentially react well to leach extraction methods. Silver recoveries for these four samples ranged from 60.6 to 92.6% and averaged 81.75%. Silver grades for these four samples ranged from 53.7 g/t to 158 g/t. Table 1, below, details the silver results.

**Table 1. Bottle Roll Cyanidation Performance (Silver)**

Test No	Sample ID	P80 µm	NaCN g/L	Measured Ag (g/t)	Calc. Head Ag (g/t)	Recovery Ag (%)	Residue Ag (g/t)
C7	1308705	95	1.0	138	163.5	89.7	16.9
C8	SE13-01-006	182	1.0	53.7	51.5	60.6	20.3
C9	SE13-02-005	174	1.0	81.6	80.5	84.1	13.0
C10	SE13-02-015	96	1.0	158	161.8	92.6	12.0

During the year ended December 31, 2014, the Company announced that GTA Resources and Mining terminated the option agreement with the Company in respect of the Squid East property. As a result of the termination, the Company will retain a 100% interest in the property and search for a new partner to advance the project in this highly prospective gold district.

**(d) Jackson's Arm**

During the year ended December 31, 2013, the Company applied for a grant under the Mineral Incentive Program through the Government of Newfoundland and Labrador for exploration and evaluation work completed on its Jackson's Arm property. The amount of the grant was \$90,413 and the funds were received by the Company during 2013. The grant was recorded as a reduction of deferred exploration and evaluation expenditures in Other Properties. The Company presently has no planned exploration activity on the project due to current market conditions and has written off exploration and evaluation expenditures totaling \$359,219 during 2014.

**(e) Staghorn**

During 2008, the Company entered into an option agreement with local prospectors to earn a 100% interest in a group of 76 claim units spread over 1216 hectares in the Wood Lake area in west central Newfoundland. The Staghorn Gold Property covers a number of gold showings including the South Wood Lake Porphyry Zone. This showing was initially found by the prospectors in 2002 as the result of gold panning and geochemistry which resulted in subsequent trenching and a limited diamond drill program. This work defined the porphyry as an approximately 20 meter to 50 plus meter wide altered "dyke", highly anomalous in gold and open in all directions. Two drill holes, 50 meters apart were drilled into the dyke and produced composite values of 1.47 g/t Au over 22.5 meters and 0.23 g/t Au over 52.9 meters (source: 2004/05 Assessment Report on The Staghorn Property for Candente Corp., December 2005 and (Source: NR, TSX:V - DNT, May 30, 2005). No further exploration has since been carried out. A review by the Company's management of the earlier ground geophysics carried out in 2004 has defined a magnetic low which is associated with the altered porphyry. This magnetic low anomaly can be traced over a 500 meter strike length and has only been tested by the two previously mentioned drill holes and the original trenching. Company management has completed a program of line cutting, geological mapping, ground geophysics, and soil sampling.

Terms of the option agreement include making a series of staged option payments totaling \$95,000 and issuing 250,000 shares to the vendors over three years. The vendors will retain a 2% Net Smelter Royalty, 50% of which can be purchased for \$1,000,000.

Results from a property wide prospecting program include gold assays up to 213.8 g/t from angular quartz vein float containing pyrite and arsenopyrite mineralization. The float is located 7 km to the southwest of the porphyry zone and is a good indication of additional gold potential on the claim group. A total of 63 samples were collected with assays ranging from 5 ppb (parts per billion) to 213,800 ppb. A 15km grid was cut and soil sampling and geophysical surveying conducted as well.

During the year ended December 31, 2009, the Company announced the identification of a bulk tonnage gold target on its Staghorn gold property. The Company has recently completed a soil geochemical and ground magnetic survey over several prospective gold showings including the South Wood Lake Porphyry Zone. Gold is associated with a highly altered (silicified, albitized and sericitized) felsic intrusive, which is overprinted by a quartz stock work system and pervasive arsenopyrite and pyrite mineralization. The recently completed ground geophysics survey has defined the altered gold bearing porphyry as a magnetic low which can be traced over 1000 meters.

During the year ended December 31, 2009, the Company announced the completion of a 13 hole diamond drill program on its Staghorn Property, approximately 50 Km NE of the former gold producing Hope Brook Mine, Newfoundland. Results include 2.15 g/t au over 12.6m and extending the mineralized system to 550m with mineralization still open in all directions. An airborne magnetics survey was also completed over the project area to further define the stratigraphy along strike.

In 2010, the Company completed a 1,600-metre drill program which targeted the Woods Lake gold prospect. The Company would like to acknowledge the government of Newfoundland and Labrador for providing funding assistance under the JCEAP program which will subsidize approximately 50 per cent of the proposed program.

During the year ended December 31, 2011, the Corporation announced results of 1.01 g/t gold over 10.0m from its previous announced 16 hole, 2500m diamond drill program. In addition, the Company received a \$100,000 grant from the Government of Newfoundland and Labrador through its Junior Exploration Assistance program. The proceeds from the grant directly reduced the capitalized deferred exploration costs associated with the Staghorn

project. The Company is actively seeking a joint venture partner to advance the property further and during 2012 wrote off all deferred exploration and evaluation expenditures pertaining to the property.

On August 18, 2014, the Company announced that it has discovered high-grade granitic boulders along the Cape Ray/Victoria Lake fault zone on its Staghorn property. The regional fault zone hosts a number of gold deposits including Marathon Gold's Valentine Lake deposit, located 32 kilometres to the northeast of the auriferous boulders. This latest discovery is located in the northeast part of the property, in an area of little previous work, and opens up a new prospective area for further exploration.

The boulders are described as angular to subangular, and consist of altered and foliated granite containing variable amounts of pyrite and arsenopyrite. A total of 14 samples was taken from the numerous boulders, which varied in size from 0.10 to 0.75 metre. The boulder train is approximately 175 metres in length. A soil sampling program is currently being planned to help define the bedrock source for the boulders, which is believed to be of a local source. A table outlining the results is attached.

Sample No.	Gold (ppb)
95851	1,984
95852	8,051
95853	2,917
95854	1,597
95855	19,055
95856	1,189
95857	2,279
95858	727
95859	5,442
95860	6,042
95901	11
95902	1,506
95903	3,948
95904	9,318

Note: The above samples are samples collected from boulders, are selective by nature and are unlikely to represent average grades on the property.

In September 2014, the Company completed a small "orientation" soil survey to follow up on the high grade boulder discovery from August 2014. A total of 63 soil samples were collected and submitted for analysis to determine if the source of these boulders was proximal to their current location. Elevated gold in soil values, ranging from 5 to 67 ppb (parts per billion), were encountered indicating a potential local bedrock source. Previous work, in 2012, in the Victoria Lake section of the property included an initial orientation soil survey centred on an area 2.6 km west of the recent boulder discovery. Results from the earlier soil survey also returned highly anomalous values ranging from 5 to 1690 ppb Au. The limited soil geochemical surveys completed to date has outlined two new prospective targets within a similar stratigraphy as the deposits outlined on Marathon Gold's Valentine Lake property located on strike to the northeast. The Victoria Lake area will become an area of focus within the Staghorn project and additional geochemical surveys and target testing is recommended.

Several more boulders were discovered while conducting the recent soil survey due to lower water levels on Victoria Lake. The boulders are described as angular to sub-angular, and consist of altered and foliated granite containing variable amounts of arsenopyrite. From these boulders, four additional samples were taken and analyzed. A table outlining the results are as follows:

Sample Number	Gold (ppb)
95901	11
95902	1506
95903	3948
95904	9318

Note: The above samples are samples collected from boulders, are selective by nature and are unlikely to represent average grades on the property.

During the year ended December 31, 2014, the Company executed an Option/Joint Venture agreement on the Staghorn project with Benton Resources Inc. (“Benton”) (a company related to Metals Creek by common directorships) whereby Benton can earn up to a 70% interest in Staghorn. Pursuant to the agreement, Benton can earn an initial 60% interest by making cash payments totaling \$50,000 (\$10,000 received on signing), issuing a total of 500,000 shares of Benton (100,000 received on signing) and incurring work expenditures totaling \$500,000, all over a three year period. Benton will be the operator during the earn in period. Once a 60% interest is earned by Benton, either a 60/40 joint venture will be formed, or Benton may elect to earn an additional 10% interest to bring its total property interest to 70% by paying \$50,000 cash and issuing an additional 500,000 Benton shares within 60 days of the 3rd anniversary date and incurring an additional \$500,000 in exploration expenditures by the 5th anniversary date.

Subsequent the period ended March 31, 2015, the Company was advised by Benton as to the results of bottle roll leaching on the recently discovered gold-bearing granitic boulder train termed Ryan’s Hammer on the property. The sample was a composite of reject material totaling 1.182 kg from 3 grab samples collected late last fall and represented arsenopyrite-rich mineralization. The sample had a calculated head grade of 2.24 ppm gold and results of the cyanide bottle roll test include recoveries of 82.6%, 89.3% and 92.3% gold after 24, 48, and 72 hours respectively.

The sample was submitted to Activation Laboratories Ltd. of Thunder Bay, Ontario. Approximately 1000g was representatively split and ball milled to 80% passing 75µm and leached for a total of 72 hours with solution samples collected and assayed at 2, 4, 8, 24, 48, and 72 hours. Assays were completed using fire assay with atomic absorption finish.

In addition, Benton plans to complete similar testing on the Woods Lake zone located 8km southwest of the Ryan’s Hammer showing. Benton’s upcoming Phase 1 exploration program for the Staghorn Property includes grid establishment, prospecting, ground geophysics and stratigraphic mapping. A diamond drill program will follow to test defined targets.

**(f) Iron Horse**

The Iron Horse project consists of 371 claims located approximately 120 km Northeast of Labrador City, Labrador.

During the 2008 year, the Company entered into a formal joint venture agreement with Golden Dory Resources on the Iron Horse Project. Under the terms of the agreement the Company’s 313 claim units and Golden Dory’s 85 claim units will be combined into one contiguous block and a joint venture formed to explore the property on a 50:50 basis. The Company will be the operator. In 2009, the Corporation announced that it has completed an airborne radiometric, magnetic and EM survey on the Iron Horse property in the Sims Basin area of Western Labrador. The property is underlain by a sequence of Proterozoic sediments, the Sims Formation, which is comprised of conglomerate, arkose, iron formation and quartzite, which overlies deformed metasedimentary rocks of the Paleoproterozoic Labrador Trough. Limited work in the early 1980s by Labrador Exploration and Mining identified a boulder train of radioactive float assaying up to 0.18 % U3O8 (historical in nature and not verified by Metals Creek). The source of the mineralized float has not been determined. The project is being funded 50% by Golden Dory Resources and 50% by Metals Creek Resources who is the project operator. The project was re-



evaluated for its Iron Ore potential with the presence of iron formations and also being a part of the Labrador Trough which is host to world class iron deposits.

During the year ended December 31, 2011, the Company announced assay results from its recently completed sampling program. The prospecting/sampling program was carried out in June and targeted the magnetic iron formations. Highlights from this sampling include:

– A total of 34 grab samples were taken from various iron formation targets which were outlined as discrete magnetic highs on the airborne geophysics survey. Results from grab samples of both outcrop and angular float ranged from 11.42% Fe<sub>2</sub>O<sub>3</sub> to 75.38% Fe<sub>2</sub>O<sub>3</sub> with 79% of the samples assaying greater than 25% Fe<sub>2</sub>O<sub>3</sub> and 62% of the samples over 40% Fe<sub>2</sub>O<sub>3</sub>. The samples represented massive to semi-massive medium grained magnetite and banded cherty magnetite iron formation. There has been no known previous work carried out on these iron formation prospects.

During the 2012 fiscal year, the Company announced that it had amended the terms of its agreement with Golden Dory on the Gabbro Lake project. Under the revised terms, and subject to TSX Venture Exchange approval, Golden Dory will become operator and can increase its property interest from its current 50% to 60% interest by issuing 1.5 million shares of Golden Dory to Metals Creek and by funding a \$500,000 Exploration Program in 2012, which will include a minimum of 1,200 m of diamond drilling. Golden Dory can earn an additional 10% (70% aggregate interest) by issuing an additional 2.5 million shares to Metals Creek and by providing a NI 43-101 compliant resource report by the fourth anniversary of the agreement. A proposed 1,200m Phase 1 diamond drilling program is planned for late June.

- During the period ended September 30, 2012, project operator Golden Dory Resources Corp. reported the commencement (Company news release July 3, 2012) of its proposed 1200m diamond drill program with a total of 1188m drilled targeting iron mineralization within one of four prospective anomalies (Anomaly D). Highlights of this phase 1 reconnaissance program as reported on August 7, 2012 by Golden Dory includes:
- Hole GL12-03 120.93m of 30.08% Fe
- Hole GL12-04 87.49m of 34.03% Fe and 60.5m of 20.34% Fe
- Hole GL12-05 125.17m of 28.28% Fe

During the year ended December 31, 2012, Golden Dory provided an update from the recently completed Phase 2 diamond drill program at the Iron Horse Project. The program consisted of two components: (i) to test Anomaly A, the strongest magnetic anomaly on the property; and (ii) to deepen drill hole GL12-05 (from the Phase 1 program) that ended in mineralization. Drill results from Anomaly A confirm the second significant discovery on the Iron Horse project, located in what was a previously untested portion of the Labrador Trough, 50 kilometres east of the rail line linking Wabush and Schefferville, and 8 kilometres south of the all-season Esker Road.

The results are summarized below:

-GLAA12-01 28.03% Fe over 95.86m  
-GLAA12-02 28.60% Fe over 309m  
-GLAA12-03 25.69% Fe over 29m and 27.57% Fe over 100m  
-GL12-05 28.28% Fe over 125.17m and 30.64% Fe over 104.49m

The primary focus of the program was to test Anomaly A, the strongest magnetic target on the property. A total of three holes were drilled and all holes intersected significant thicknesses of iron formation. Hole 3 (GLAA12-03) was collared approximately 200 m east of the section of holes 1 and 2.

On November 15, 2012, Golden Dory reported the final assays from the phase 2 program (shown above).

Highlights from the phase 2 program include:

Increasing intersection in GLAA12-02 to 354.18 metres at 27.75 per cent iron;  
Extending mineralization at anomaly A by 200 metres (east);  
Lower intersection in GL12-05 doubled in thickness with a 25-per-cent increase in grade.

The mineralization intersected to date at anomaly A resembles a meta-taconite dominated by magnetite with lesser specular hematite. Based on core angles and bedding relationships in holes GLAA12-01 and 02, the mineralization appears to be vertical to steeply north dipping and approximately 250 metres in thickness. A change in dip from

vertical to a steep northerly dip is suggested by the somewhat thinner and multiple intersections in GLAA12-03 drilled 200 metres east of the section hosting GLAA12-01 and 02.

In addition, during the 2012 year, Golden Dory successfully met the conditions to earn an additional 10-per-cent interest in the Iron Horse project in the Labrador Trough and now owns an undivided 60-per-cent interest, with Metals Creek Resources holding the remaining 40-per-cent interest.

The revised agreement between Golden Dory and Metals Creek allowed Golden Dory the opportunity to earn a 60-per-cent interest in the project by financing 100 per cent of the 2012 exploration program, which was to include a minimum of 1,200 metres of diamond drilling. To date, Golden Dory has completed approximately 2,400 metres of diamond drilling in two phases since May, 2012. Golden Dory can earn an additional 10-per-cent interest (70 per cent in total) by continuing to finance 100 per cent of exploration costs and providing a National Instrument 43-101 resource estimate exceeding 50 million tonnes of iron ore by May, 2016. See subsequent events disclosure for occurrences after the reporting date with respect to the Iron Horse property.

During the year ended December 31, 2013, the Company announced that it has signed a letter of intent with Golden Dory to sell its remaining 30% interest in the Project to Golden Dory subject to entering into a definitive amending agreement and upon receipt of TSX Venture Exchange approval. The Company and Golden Dory have agreed to amend their existing Option and Joint Venture Agreement dated May 18, 2012 (the "JVOA") to provide for Golden Dory to accelerate its interest in the Property to 70% and then for Golden Dory to purchase the remaining 30% residual interest from the Company (the "Residual 30% Interest"). The JVOA will be amended to provide that Golden Dory will accelerate increasing its interest in the Property to 70% by issuing 2,500,000 common shares to the Company without having to comply with a previous term which required Golden Dory to complete a NI 43-101 report resulting in a minimum of 50 million tonnes of product. Upon Golden Dory acquiring the 70% interest in the Property, the royalty interest in the Property will be reduced to a 0.9% NSR. As part of the amended JVOA, Golden Dory will also purchase Metals Creek's Residual 30% Interest by: a) issuing 15 million common shares to the Company; b) paying \$1 million to the Company upon completion of a bankable feasibility study on the Property; and c) issuing to Metals Creek an additional 1% NSR on the Property. Upon Golden Dory acquiring all of the Company's interest in the Property, the Company will retain, in the aggregate, a 1.9% NSR in the Property. Upon completion of the abovementioned transactions, Metals Creek will own 19,000,000 shares of Golden Dory, or approximately 15% of its total issued and outstanding, while Golden will have a 100% interest in the Iron Horse project.

In addition, during the year ended December 31, 2013, the Company announced that it has entered into an agreement with Gold Royalties Corporation ("Gold Royalties") in which Gold Royalties will acquire a 1.0% royalty interest in the Iron Horse Project. The purchase price of \$1,000,000 is payable through the issuance of 1,333,333 common shares of Gold Royalties (the "Gold Royalties Shares")(received) at a deemed price of \$0.75 per Gold Royalties Share (the "Share Consideration"). Closing of the transaction, is subject to certain conditions, including approval of the TSX Venture Exchange and closing of the transaction described above with Golden Dory (completed). Upon closing of the Gold Royalties and Metals Creek Transaction, Metals Creek will still retain a 0.9% royalty from the Iron Horse Project. The Company has agreed to a contractual escrow period whereby the Share Consideration will be subject to escrow with a 25% release every six (6) months from the date of closing of the Transaction. The common shares of Gold Royalties trade on the TSX Venture Exchange under the symbol "GRO". Metals Creek Resources (TSX-V: MEK) and Golden Dory Resources received TSX Venture Exchange approval for the proposed transaction between Metals Creek Resources Corp and Golden Dory Resources Corp. (TSX-V: GDR), whereby Golden Dory can acquire 100% of the Iron Horse Project from Metals Creek by meeting specific conditions as outlined in a revised agreement. The shares were received by the Company during the year ended December 31, 2013.

Also, during the 2013 year Golden Dory completed a 1:10 share consolidation and underwent a company name change to Sokomon Iron Corp. and commenced trading on the TSX Venture Exchange under the symbol "SIC". As a result, the Company's shareholdings were consolidated to 1.9 million shares of Sokomon Iron Corp.

#### **(g) Other Properties**

Included in Other Properties (located in Ontario and Newfoundland) are the Wick's Lake; Tilt Cove; Sops Arm North; Gryba; Tally Pond; Hearst; Feagan Lake; Mealy Intrusion; and Victoria Lake properties. During the period

ended March 31, 2015 the Company incurred \$18,642 (March 31, 2014: \$65,811) in pre-acquisition exploration and evaluation costs which were included in expenses for the year.

### ***Mealy Lake Intrusion/Senecal Lake Property***

During the year ended December 31, 2013, the Company has acquired through staking, 210 claim units within the Mealy Lake intrusion located approximately 140 kilometers southwest of Churchill Falls, Labrador. The new project is in the same area as Altius Minerals Corp.'s 256-square-kilometre Natashquan property and Benton Resources Inc.'s Mealy property in the same area that Altius recently announced a new nickel-copper-cobalt-platinum-group-element discovery and has entered into a joint venture agreement with Anglo American.

During the year ended December 31, 2014, the Company sold the property, now known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for \$500,000 each (or \$1 million for both claim groups). Pursuant to a share escrow agreement, the Company has now received 125,000 shares of WHM and will receive the remainder in accordance with the escrow release schedule in 15% increments every six months.

### ***Hearst Property***

On November 4, 2013, the Company announced that it has executed an agreement (the "Agreement") with Xmet Inc. (TSXV: XME) ("Xmet") pursuant to which Xmet has the option to purchase a 100% interest in the 24 claim units recently staked by the Company located Northwest of and adjacent to Zenyatta Ventures Ltd.'s new hydrothermal graphite discovery.

Zenyatta describes their mineralization as the "largest and only new hydrothermal (vein type) graphite deposit being developed in the world". Metals Creek staked the ground based on evaluation of historical magnetic data in the region which showed that magnetic low horizons exist on the property.

Under the Agreement, Xmet will pay the Company \$10,000 (\$5,000 upon regulatory approval and \$5,000, ninety days after regulatory approval) and issue to the Company, 2 million Xmet common shares (300,000 upon regulatory approval and 1,700,000 within four months after regulatory approval, provided Xmet decides to continue with the option following an EM airborne survey)

Metals Creek will also retain a 1% NSR with Xmet having the right to buy back 0.5% for \$500,000 and the remaining 0.5% for an additional \$1,000,000.

### ***Feagan Lake Graphite Property (Blackflake West)***

On February 19, 2014, the Company announced the favorable decision from the Ministry of Northern Development and Mines following a claims dispute hearing in Sudbury, Ontario on February 13, 2014.

On August 21, 2013, a claims dispute against a third party, (Respondents) was filed by Metals Creek Resources Corp. (Disputants), Thunder Bay, Ontario. Specifically, the claims involved were #P4275913, 4275914, (Respondents Claims) and 4276040, 4276041, 4276043, and 4276044 (Metals Creek Claims) situated in the Feagan Lake area, Porcupine Mining Division, The disputants alleged, on the basis of recommendation from their field and staking advisors, that the respondents staking did not comply with provincial standards and substantial compliance was not met.

As a result of the specific and substantial evidence presented to the Ministry by Metals Creek, The Respondents claims were cancelled and Metals Creek's claims were accepted and recorded effective the date the application to record was first received. The Ministry has also extended the time for performing and reporting assessment work on the mining claim by 175 days.

The Respondent has a period of thirty days from February 13, 2014 in which to file a request for an appeal to the Mining and Lands Commissioner in Toronto.

On March 3, 2014, the Company announced that it had staked an additional 60 units in 4 claims totaling 2,372 hectares at the Feagan Lake project. Also, on March 20, 2014, the Company announced the staking of an additional 27 units in 2 claims thereby increasing the Company's land holdings on the 100% owned Feagan Lake project to 12 contiguous claims totaling 175 claim units.

On March 26, 2014, the Company reported that it had discovered several conductive electromagnetic targets on the Feagan Lake property. These new electromagnetic (EM) conductive responses were flown with the VTEM plus time domain system targeting previously identified magnetic lows that resulted in the discovery of several new exploration targets exhibiting similar features to that of Zenyatta's hydrothermal graphite discovery. One of the EM responses in particular returned a strong conductive response on all channels with an associated magnetic low.

In addition on April 9, 2014 the Company announced that it has submitted for approval to Ontario's Ministry of Northern Development and Mines, the required permits for line cutting, ground geophysics and diamond drilling on the property. These permits will allow for the company to proceed with exploration work on the new electromagnetic (EM) conductive responses detected by the VTEM plus time domain system. Results from this survey led to the discovery of several new exploration targets exhibiting similar features to that of Zenyatta's hydrothermal graphite discovery. One of the EM responses in particular returned a strong conductive response on all channels within an associated magnetic low.

On May 22, 2014, the Company announced that executed an agreement with Xmet pursuant to which Xmet has the option to earn a 60 % interest in the Feagan Lake Graphite Project (referred to by Xmet as the Blackflake West project). In order to earn a fifty percent (50%) interest in the claims, Xmet has agreed (a) to make a cash payment of \$5,000 and issue 1,000,000 common shares to Metals Creek, forthwith after receiving the approval of the Exchange (received); (b) carry out \$60,000 in work obligations, make a cash payment of \$15,000 and issue a further 1,000,000 shares to Metals Creek within five months of Exchange approval (subsequently received in October 2014); (c) carry out a further \$150,000 in work obligations and perform a minimum 500m of drilling within one year of Exchange approval; (d) carry out a further \$250,000 in work obligations and issue 500,000 shares to Metals Creek within two years of Exchange approval; and (e) carry out a further \$425,000 in work obligations and issue 500,000 shares to Metals Creek within three years of Exchange approval. Xmet may then increase its interest from fifty percent to sixty percent within 90 days after earning its fifty percent interest by making a cash payment of \$100,000, issuing 1,500,000 shares to the Optionor and conducting \$1,000,000 in work obligations over the next year. Xmet may at any time accelerate its obligations to earn its interest earlier. Once Xmet's interest is earned, the project will continue as a joint venture with Metals Creek.

On June 16, 2014, the Company announced that it has received its Drilling and Ground Geophysics Exploration Permit from the Ministry of Northern Development and Mines (MNDM) on its Blackflake West (Feagan Lake) Graphite Project.

On June 18, 2014, the Company was advised by Xmet that Xmet has acquired a 50% interest in 29 claim units in four claims on the western boundary of the Blackflake West (Feagan Lake) Graphite Property. Terms of the new agreement also allow for Xmet to increase its interest to 65% in the near term by flying EM over the new claims within the next four months. These claims appear to host a possible western extension of MEK's "All Channel" Electromagnetic graphite target which was recently optioned to Xmet (see MEK press release dated May 22, 2014). Under the terms of the MEK/Xmet agreement, Metals Creek has a sixty (60) day period to opt in to this new agreement (Metals Creek has elected not to opt in to this agreement).

As reported by Xmet, this recent acquisition is key to gaining the appropriate land position to cover the interpreted strike extent of the "All Channel" electromagnetic target. With the land package secured, Xmet will look to proceed on the next phases of its geophysical program on Blackflake West, including airborne and ground geophysics to better define the target for drill positioning. Positive features of the electromagnetic target as set out in MEK news release dated June 4, 2014 include:

1. An "All Channel" EM response, associated with a magnetic low;
2. A strike length structure greater than one km;
3. A similarity in EM profile and mag low to Zenyatta's Graphite diatreme pipes; and
4. The "All Channel" EM response, indicates conductivity at depth which correlates well with a graphite source.

On July 10, 2014, the Company was advised by Xmet that Xmet has engaged Abitibi Geophysics to commence the ground geophysical program on its Blackflake West 'All Channel' Electromagnetic ("EM") target. Xmet advised the Company on August 14, 2014 that the first phase of ground geophysics had been completed.

The ground geophysical program will be carried out in two phases, with the ground magnetics component being first, followed by ground Induced Polarization and/or ground Electromagnetic to better delineate the target for drilling. The magnetic grid will consist of approximately 35 line km over the 'All Channel' Electromagnetic response target discovered by Metals Creek early in 2014.

On September 29, 2014, the Company was advised by Xmet that a "VTEM" survey comprised of 215 line kilometres was completed over the project. The results indicate that four conductors were identified, including a large circular conductive anomaly with a diameter of approximately 750 metres. This large anomaly contains the 'All Channel' EM anomaly with very clear late channels responses. Analysis concludes that the anomaly is a strong bedrock conductor which has the 'All Channel' response potential for a graphitic source and will be drilled as soon as possible. Geophysical analysis recommends the next course of action to be ground geophysics in the form of induced polarization/resistivity to better define the conductive source and its depth estimation.

On October 14, 2014, Xmet advised the Company that it has staked and acquired a 100% interest in 10 claim units on the northern boundary of the Blackflake West property. These claims appear to host a northern extension of Blackflake West's 'All Channel' Electromagnetic graphite target. Upon reviewing the data received from the VTEM survey, the Blackflake West's All Channel Electromagnetic graphite target appears to have a northern extension prompting XMET to acquire through staking 10 additional claim units on the north edge of this anomaly. Company management is highly encouraged by the size and strength of the Blackflake West All Channel conductive response and look forward to the initiation of the ground geophysical Induced Polarization (IP) survey to help further define the nature and orientation of this conductive response. The Company has sixty days to determine whether it wants to acquire a 50% interest in the newly staked claims for reimbursement to XMET of 50% of the acquisition cost.

On November 5, 2014, the Company was advised by Xmet that, having completed the necessary eight kilometres of line cutting, it has completed the second phase of its ground geophysical program on its Blackflake West 'All Channel' Electromagnetic ("EM") targets. Xmet has engaged Smart Geophysics to perform the survey using dipole-dipole induced polarization ("IP") technology. The IP survey has provided additional information with regards to the Blackflake West All Channel response further confirming the conductivity of the EM All-Channel responses. These results were used to assist in determining the optimal orientation in which to drill this highly conductive and chargeable near surface bedrock anomaly.

During the period ended March 31, 2015 the Company was advised by Xmet of preliminary results from its approximate 1,200m diamond drilling program on the property. A total of four holes were drilled during this program, three of which were drilled to test portions of a large airborne electromagnetic anomaly in the west (El Gordo target) and the fourth hole into a smaller, more conductive anomaly (El Nino target), approximately 1.5km to the east of El Gordo.

Heavy and widespread sulphide mineralization was encountered over the majority of the lengths of all four holes, with sections of massive to semi-massive sulphide concentrations present along with stringer zones in intimate association with heavy amphibole alteration. From visual inspection it appears that the holes intersected the same mineralized system consisting of upper amphibolite-metamorphosed mafic and felsic gneiss that have suffered intense pre-metamorphic, volcanogenic massive sulphide style ("VMS") hydrothermal alteration which strongly metasomatized the rocks, in some cases transforming them locally to massive actinolite. The system is clearly large and anomalous with regard to the amount of sulphides present and in base metal and arsenic content. In the context of a VMS interpretation, El Gordo is quite a large target and only a small part has been tested to date.

The holes drilled on El Gordo were purposely oriented in different directions to facilitate structural interpretation and it appears that the whole system begins at 40 metres below surface and is nearly flat-lying and accompanied by a ubiquitous, well-developed tectonic foliation that is also flat lying. A small batch of test assays consisting of ten 1 metre sections from holes 1 and 2 have been received from the laboratory. Samples from the first hole contain anomalous arsenic and up to 0.3% zinc over a sample interval of 1.0m. The highest copper value obtained is 500 ppm over a 1.0 m sample interval. No graphite was visually observed in any of the holes drilled to date.

Petrographic work and whole-rock litho-geochemistry will be done once all assays are received, to better characterize the system. The large batch of assays from the entire length of mineralization has been sent to the laboratory, and the Company is currently awaiting results. Results of the large batch assays are anticipated within weeks and will be communicated in a timely fashion.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has not entered into any off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amounts to related parties during the period ended March 31, 2015 and 2014:

Payee	Description of Relationship	Nature of Transaction	March 31, 2015 Amount (\$)	March 31, 2014 Amount (\$)
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services	8,136	8,136
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	6,780	6,780
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments for staking services and reimbursement of expenses capitalized in exploration and evaluation assets	-	7,321

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended December 31, 2014, the Company received from Benton Resources Inc. \$10,000 and 100,000 common shares of Benton pursuant to an option and joint venture agreement entered into by the Company and Benton on the Company's Staghorn property. Benton is related to the Company by common directorships. The option and joint venture agreement received regulatory approval during the year ended December 31, 2014.

Included in accounts payable and accrued liabilities at March 31, 2015 is:

- \$2,712 payable to Eastrock Exploration Inc., (2014: \$2,712)
- \$nil payable to Nick Tsimidis, (2014: \$nil)

During the period ended March 31, 2015 the Company recovered \$3,480 in wages from a company related by common directorships for the use of the Company's field geological personnel (year ended December 31, 2014 - \$83,520)

Key management personnel remuneration during the period ended March 31, 2015 included \$83,370 (March 31, 2014 - \$81,218) in salaries and benefits and \$5,647 (March 31, 2014 - \$6,327) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the period.

## **CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')**

### *Statement of Compliance*

The condensed interim financial statements, including comparatives for three month period ended March 31, 2015, have been prepared using accounting policies in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

### *Impact of Adopting IFRS on the Company's Business*

The adoption of IFRS has resulted in some changes to the Company's accounting systems but largely the impact has been minimal from the perspective of the day to day operations. The greatest changes occurred in the manner and extent of disclosures contained in the Audited Annual Financial Statements. The transition adjustments and related GAAP to IFRS reconciliations are detailed in note 16 of the Audited Annual Financial Statements for the year ended December 31, 2011 and for a complete set of IFRS reconciliations, refer to the Audited Financial statements for the December 31, 2011 year.

### *Ongoing IFRS Conversion Monitoring*

On an ongoing basis, the Company will continue to monitor the preparation of financial information in accordance with IFRS, as well as continue to monitor ongoing changes in the IFRS standards which may impact the Company's reporting in future periods. The International Accounting Standards Board is currently working on several projects which could result in new or revised IFRS standards or IFRIC interpretations that could have an impact on the Company's financial reporting in future periods.

### *Future Accounting Changes*

The following standards are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

IFRS 9, Financial Instruments effective for annual periods beginning after January 31, 2018. The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. The Company is currently assessing the impact, if any, adoption of this standard will have on the financial statements.

## **RISK MANAGEMENT**

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

### *Credit Risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

#### *i) Trade credit risk*

The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

#### *ii) Cash and cash equivalents*

In order to manage credit and liquidity risk the Company's cash and short term investments are held through large Canadian Financial Institutions. Staking security deposits are held by the Government of Newfoundland.

*iii) Derivative financial instruments*

As at March 31, 2015, the Company has no derivative financial instruments.

***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

***Interest Rate Risk***

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate is very low as the Company's short term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at major Canadian financial institutions.

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

**OTHER MD&A REQUIREMENTS**

***Additional disclosure for Venture Issuers Without Significant Revenues:***

As of March 31, 2015, there has been \$4,789,937 incurred and capitalized as exploration and evaluation assets since inception of the Company net of write-downs and recoveries.

***Outstanding Share Data and Convertible Securities as at May 22, 2015***

As at April 9, 2015 the Company has 98,571,214 common shares issued and outstanding as well as:

- stock options to purchase an aggregate of 8,340,00 common shares expiring at various dates between March 2016 and May 2020 and exercisable at various prices between \$0.07 and \$0.235 per share

For additional details of share data, please refer to note 7 of the March 31, 2015 condensed interim financial statements.

The Corporation is authorized to issue an unlimited number of voting shares and an unlimited number of preferred shares issuable in series.

During the year ended December 31, 2013, 100,000 stock options were granted to King James Capital Corp. with an exercise price of \$0.10 for a period of two years. One quarter of the options granted will vest every three months following the date of grant. In addition, during the year ended December 31, 2013, the Company granted 1,960,000 stock options to directors, officers, employees and consultants with an exercise price of \$0.10 and an expiry date 5 years from the date of grant. During the year ended December 31, 2014, the Company granted 1,250,000 stock options to directors, officers, employees and consultants with an exercise price of \$0.07 and an expiry date 5 years from the date of grant.

**DIVIDEND POLICY**

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.



## **LEGAL PROCEEDINGS**

To the knowledge of the Corporation, there are no actual or pending legal proceedings to which the Corporation is or is likely to be a party or of which any of its assets are likely to be subject.

## **INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHERS**

No director, officer, or promoter or other member of management of the Corporation, or any Associate or Affiliate of any such person, is or has been indebted to the Corporation.

## **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the Business Corporations Act (Ontario).

## **RISK FACTORS**

### **Risks associated with exploration and mining operations**

The exploration and development of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Corporation's mineral properties. Even if such commercial quantities are subsequently discovered by the Corporation's exploration efforts, there can be no assurance such properties can be brought in to commercial production.

Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Corporation. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Corporation does not have control may be encountered and may adversely affect the Corporation's operations and financial results.

The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nations land claims and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. Also, in many countries including Canada and the USA, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

### **Environmental Risks**

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation may not adversely affect the Corporation's operations.

### **Mineral Market**

The market for minerals is subject to factors beyond the Corporation's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

## **Funding Requirements**

In order to move forward with its exploration and development activities, the Corporation will likely require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

## **Reliance on Management**

The Corporation anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Corporation could materially adversely affect the Corporation.

## **AUDITORS, TRANSFER AGENTS AND INVESTOR RELATIONS**

The auditors of the Corporation are Wasserman Ramsay, Chartered Accountants of Markham, Ontario.

The Transfer Agent and Registrar for the Common Shares of the Corporation is TMX Equity Transfer Services of Toronto, Ontario.

Investor Relations services are provided by Paradox Public Relations Inc. of Montreal, QC.

## **COMMITMENTS AND CONTINGENCIES**

Except as otherwise discussed, the Company is in compliance with commitments required by contractual obligations in the normal course of business.

No flow through obligation exists for the Company at September 30, 2014 and the Company is in compliance with all mineral property obligations to the best of the Company's knowledge.

During the year ended December 31, 2013, the Company hired King James Capital Corp. to provide investor relations and financial public relations services in exchange for a fee of \$2,000 per month for a term of twelve months. In addition, the Company granted to King James Capital Corp. 100,000 stock options at an exercise price of \$0.10 for a term of two years with one-quarter of the options granted vesting every three months following the date of grant. During the 2013 year the fee was reduced to \$1,000 per month. During the period ended March 31, 2015 the Company terminated these services.

Subsequent to March 31, 2015, the Company the Company hired Paradox Public Relations ("Paradox") for investor relations. The agreement is for a minimum of three months and maximum of 24 months, at a monthly fee of \$5,500. In addition Paradox will also receive 400,000 stock options to acquire the same number of common shares of the Company at \$0.10 per share. These options are subject to the vesting provisions under the Company's stock option plan.

## **FORWARD LOOKING STATEMENTS**

This management discussion and analysis contains certain forward-looking statements relating but not limited to the Corporation's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are

subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.