



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

**For the three months ended March 31, 2016**

**May 25, 2016**

### **GENERAL**

This Management Discussion and Analysis ("MD&A") is dated May 25, 2016 and is in respect of the three month period ended March 31, 2016. 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, 2016.

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, 2016 and the annual audited financial statements and corresponding notes to the financial statements for the year ended December 31, 2015, 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, 2016 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, 2016 was \$53,993 (December 31, 2015 - \$117,761) and short term investments totaling \$797,402 (December 31, 2015 - \$896,955) of which \$453,423 (December 31, 2015 - \$579,611) is restricted for flow-through purposes. All investments are held in fully liquid instruments with Canadian Financial Institutions.

Current assets of the Company as at March 31, 2016 were \$907,410 compared to \$1,086,192 as at December 31, 2015. 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, 2016 were \$5,556,906 compared to \$5,750,097 as at December 31, 2015. This decrease was attributable to general and administrative expenses funded through current assets and a write-down of exploration and evaluation expenditures during the current period.

Current liabilities as at March 31, 2016 were \$159,650 compared to \$253,679 at December 31, 2015 related to the timing of expenditures around the period end and a \$90,798 (December 31, 2015 - \$116,185) deferred premium on flow-through shares recorded in the current year.

Shareholders' equity decreased to \$5,397,256 from \$5,496,418, as a result of the net loss incurred during the current period.

### **Results of Operations**

The Company earned interest and investment income of \$3,460 during the three month period ended March 31, 2016 (March 31, 2015: \$7,648) 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 \$1,125 (March 31, 2015: nil). The Company also recorded grant and other revenue in the amount of nil (March 31, 2015: \$2,670). Finally, the Company recorded a gain on the disposal of long term investments during the period of \$19,096 (March 31, 2015: \$1,165).

Total expenses for the period ended March 31, 2016 were \$202,435 compared to \$120,009 for the comparative year, increasing as a result of the change in share-based payments expense and the swing in the adjustment to fair value through fair value through profit and loss investments in the current period compared to the previous year's period. After-tax Comprehensive loss for the three month period ended March 31, 2016 was \$153,367 or \$0.01 loss per share versus a after tax comprehensive loss of \$108,526 or nil loss per share in the previous year's period.

Expenses incurred during the three month period ended March 31, 2016 consist of:

- i) Business development of \$21,251 (March 31, 2015 - \$13,800) (increased due to an increase in investor relations activity during the current period)
- ii) Depreciation of capital assets of \$2,021 (March 31, 2015 - \$3,584)
- iii) Professional fees of \$20,000 (March 31, 2015 - \$17,031) (these amounts include legal, audit and accounting and consultants)
- iv) Office and general of \$23,696 (March 31, 2015 - \$27,372) (representing office supplies, printing, and presentations, consulting and occupancy costs)
- v) Salaries and benefits of \$92,670 (March 31, 2015 - \$94,760) (marginal decrease)
- vi) Share-based payments of \$54,205 (March 31, 2015, 2014 - \$7,843) (recorded upon vesting of stock options to employees, directors and officers and is dependent upon vesting levels in a given period)
- vii) Write-down of exploration and evaluation assets of \$7,812 (March 31, 2015: nil) (due to no near term work planned on certain of the Company's exploration and evaluation assets due to current market conditions and preservation of capital).
- viii) Pre-acquisition exploration and evaluation expenses of \$9,132 (March 31, 2015 - \$18,642) (which consists of costs incurred to evaluate potential exploration properties and experienced an decrease over the comparative year due to lower levels of evaluation work on prospective land positions)

- ix) Adjustments to fair value for fair value through profit and loss investments of \$28,352 (unrealized gain) (March 31, 2015 - \$63,023 (unrealized gain)) (which represents the unrealized change in fair market value of the Company's long-term investments)

The cumulative deficit from inception of the Corporation is \$12,153,354.

### Cash Flows

Cash used in operating activities of \$215,345 during the three month period ended March 31, 2016 versus cash used in operating activities of \$169,247 in the comparative prior period.

Cash flows from financing activities was \$103,053 in the current period versus cash flows from financing activities of \$160,288 period in the prior year, an decrease related to the timing of short term investment redemptions made in the each respective period.

Cash flows from investing activities was \$48,524 for the three month period ended March 31, 2016 versus cash flows used in investing activities in the amount of \$20,726 for the comparative year. The increase was attributable to significant cash from proceeds from the sale of long term investments during the current period.

### SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the eight most recent completed quarters since incorporation (adjusted for the effects of the 1 for 7 share consolidation).

	Period Ended Mar/16	Period Ended Dec/15	Period Ended Sept/15	Period Ended Jun/15	Period Ended Mar/15	Period Ended Dec/14	Period Ended Sept/14	Period Ended June/14
Revenue – Interest Income (loss)	\$3,460	\$3,065	\$3,001	\$3,312	\$7,648	\$5,625	\$6,451	\$7,000
Income (Loss) for the Period	\$(153,367)	\$(781,836)	\$(206,655)	\$(267,904)	\$(108,526)	\$(2,350,363)	\$(370,920)	\$(183,299)
Income (Loss) Per Share	\$(0.01)	\$(0.05)	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.17)	\$(0.03)	\$(0.01)

### SELECTED ANNUAL FINANCIAL INFORMATION

Year Ended December 31	2015	2014	2013
Interest and investment income	\$ 17,026	\$ 26,040	\$ 35,791
Net loss and comprehensive loss before tax	\$ (1,395,036)	\$ (3,232,270)	\$ (490,859)
Loss per share – basic and diluted	\$ (0.09)	\$ (0.23)	\$ -
Total assets	\$ 5,750,097	\$ 6,216,784	\$ 9,429,179
Deferred income tax expense (recovery)	\$ (30,115)	\$ -	\$ -
Dividends	\$ NIL	\$ NIL	\$ NIL

### LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2016, the Company had cash of \$53,993 (December 31, 2015 - \$117,761) and held short-term investments of \$797,402 (December 31, 2015: \$896,955) including \$453,423 in short-term investments restricted for flow-through purposes (December 31, 2015 – \$579,611). H.S.T from the Canada Revenue Agency, interest and other receivables at March 31, 2016 were \$22,371 (December 31, 2015 - \$33,367). Prepaid expenses were \$5,187 (December 31, 2015 - \$9,652). Finally, staking security deposits were \$28,457 at March 31, 2016 (December 31, 2015 - \$28,457).

Current liabilities of \$159,650 at March 31, 2016 (December 31, 2015 - \$253,679) includes period end accruals for expenditures on mineral properties, legal and audit fees, consultants and other amounts as well as a deferred premium on flow-through shares related to private placements completed during the 2015 year. These were incurred in the normal course of business and settled subsequently.

Working capital at March 31, 2016 is \$747,760 (December 31, 2015 - \$832,513).

During the 2015 year, the Company completed the following private placements:

- (i) The Company completed a private placement in two tranches by issuing a total of 2,100,000 flow-through units at \$0.10 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.15 for a period of 24 months following the closing. In addition the Company issued 975,000 non flow-through units at \$0.08 per unit, each unit consisting of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.15 for a period of 24 months following the closing. Total gross proceeds received in the private placement was \$288,000.

The fair value of the 2,185,000 common share purchase warrants received by investors and finders have been estimated at \$151,279 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 212%, a risk-free interest rate of 0.45%, and an expected life of 2 years.

In connection with the private placement, the Company issued 160,000 finders warrants (included above) having the same terms as the warrants issued in the private placement and described above and in addition, paid cash finders fees and other commissions equal to \$22,700. All securities issued are subject to a four month hold period from the date of issuance.

- (i) The Company completed an additional private placement by issuing a total of 5,770,000 flow-through common shares at \$0.09 per share and 1,760,000 common shares at \$0.08 per share for gross proceeds of \$660,100.

In connection with the private placement, the Company issued 602,400 finders warrants, each warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.10 per share for a period of 24 months following the closing. The fair value of the warrants have been estimated at \$47,790 using the Black-Scholes option pricing model for the following assumptions: dividend yield of 0%, expected volatility of 216%, a risk-free interest rate of 0.45% and an expected life of 2 years. In addition, the Company paid cash commissions equal to \$52,808. All securities issued are subject to a four month hold period from the date of issuance

The deferred premium on flow-through shares in the amount of \$90,798 (December 31, 2015 - \$116,185) consists of the premium portion of 7,870,000 flow-through shares issued at between \$0.09 and \$0.10 per unit during the 2015 fiscal year. The difference between the closing prices and the issued prices, net of the value of the one-half warrant issued with each share, is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to \$25,387 for the three month period ended March 31, 2016 (March 31, 2015 – 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 \$54,205 (March 31, 2015 - \$7,843) is recorded as share-based payments expense and

under capital stock as reserves for the 535,015 options vesting to directors, officers, employees and during the three month period ended March 31, 2016.

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, 2016, the Company has an obligation to expend \$453,423 (December 31, 2015 – \$579,611) on qualified Canadian exploration and development expenditures prior to December 31, 2016 and this restriction on the use of these funds has been segregated on the Company's statement of financial position as at March 31, 2016.

## **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 three months ended March 31, 2016**

	Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Other (f)	Total
<b>Dec. 31, 2015 - Acquisition Costs</b>	\$ -	446,609	-	-	-	-	446,609
Additions	-	-	-	-	-	-	-
Writedowns/Recoveries	-	-	-	-	-	-	-
<i>Subtotal</i>	\$ -	-	-	-	-	-	-
<b>March 31, 2016- Acquisition Costs</b>	\$ -	<b>446,609</b>	-	-	-	-	<b>446,609</b>
<b>Dec. 31, 2015 - Exploration and Evaluation Expenditures</b>	\$ -	3,985,017	-	-	-	-	3,985,017
Assaying	-	2,959	-	-	-	-	2,959
Prospecting	-	-	-	-	-	-	-
Geological	2,152	16,336	3,000	-	-	385	21,873
Geophysical	-	-	-	-	-	-	-
Line Cutting	-	-	-	-	-	-	-
Trenching	-	-	-	-	-	-	-
Diamond Drilling	-	91,820	180	-	-	-	92,000
Miscellaneous	-	-	-	-	-	224	224
Writedowns/Recoveries	(2,152)	-	(3,180)	-	-	(609)	(5,941)
<i>Subtotal</i>	\$ -	111,115	-	-	-	-	111,115
<b>March 31, 2016 - Exploration and Evaluation Expenditures</b>	\$ -	<b>4,096,132</b>	-	-	-	-	<b>4,096,132</b>
<b>March 31, 2016 - Total</b>	\$ -	<b>4,542,741</b>	-	-	-	-	<b>4,542,741</b>

**For the year ended December 31, 2015**

	<b>Dog Paw (a)</b>	<b>Ogden (b)</b>	<b>Yukon (c)</b>	<b>Jackson's Arm</b>	<b>Staghorn (d)</b>	<b>Other (e)</b>	<b>Total</b>
<b>Dec. 31, 2014 - Acquisition Costs</b>	\$ 176,891	431,167	57,237	2,054	-	237,757	905,106
Additions	-	15,442	-	-	98	1,249	16,789
Writedowns/Recoveries	(176,891)	-	(57,237)	(2,054)	(98)	(239,006)	(475,286)
<i>Subtotal</i>	\$ (176,891)	15,442	(57,237)	(2,054)	-	(237,757)	(458,497)
<b>Dec. 31, 2015- Acquisition Costs</b>	\$ -	<b>446,609</b>	-	-	-	-	<b>446,609</b>
<b>Dec. 31, 2014 - Exploration and Evaluation Expenditures</b>	\$ -	3,791,945	151,234	-	-	(96,754)	3,846,425
Assaying	2,442	5,457	-	-	-	266	8,165
Prospecting	25,863	-	-	-	4,305	1,334	31,502
Geological	27,905	56,521	1,540	-	5,086	17,134	108,186
Geophysical	-	-	-	-	-	1,614	1,614
Line Cutting	-	-	-	-	-	-	-
Trenching	-	-	-	-	6,120	-	6,120
Diamond Drilling	-	131,094	720	-	7,050	306	139,170
Miscellaneous	-	-	-	-	450	-	450
Writedowns/Recoveries	(56,210)	-	(153,494)	-	(23,011)	76,100	(156,615)
<i>Subtotal</i>	\$ -	193,072	(151,234)	-	-	96,754	138,592
<b>Dec. 31, 2015 - Exploration and Evaluation Expenditures</b>	\$ -	<b>3,985,017</b>	-	-	-	-	<b>3,985,017</b>
<b>Dec. 31, 2015 - Total</b>	\$ -	<b>4,431,626</b>	-	-	-	-	<b>4,431,626</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 2008-2012 period, the company performed systematic prospecting/mapping and trenching 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. Prospecting in 2008 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 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.

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 1,184 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 17 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 and currently producing gold from several zones. The Timmins West Project is along the same gold trend as MEK's Ogden project.

The agreement allows for the Company 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.

The Company has met all obligations with regards to the above mentioned agreement and have since formed a joint venture in which Metals Creek owns 50%, and Goldcorp Canada Ltd. ("Goldcorp") owns 50% (as manager and on behalf of the Porcupine Joint Venture. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

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.

Since the signing of this option joint venture agreement with Goldcorp Canada Ltd. and Goldcorp Inc. in November, 2008, Metals Creek has drilled a total of 104 diamond drill holes totaling 26,447 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.

During 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, MNDM, 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 for the Corporation on the Naybob South Zone as well as targeting for possible mineralized zones at depth.

Initially, the majority of the exploration work conducted by the Corporation was focused on the Naybob South Zone targeting mineralization within 100m of surface since this was the most drill ready target as well as it's close proximity to Goldcorp's mine and mill complex. Highlights of drilling performed by the Corporation on the Naybob South zone 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
- OG10-025 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

More recent drilling by the Corporation on the Naybob South zone targeted the western portion of the 600m mineralized trend as well as further defining a potential second zone of mineralization parallel and footwall to the south dipping Naybob South main zone. Results include 7.03 g/t gold over 2.16m from hole OG15-039 with associated strong albitization and associated pyrite and arsenopyrite mineralization.

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. Recent interpretation of the structural complexity of the Thomas Ogden Zone has led to the identification of a close correlation of higher grade gold intercepts in close proximity to the fold hinges. The identification of structural folding within the zone itself has greatly aided in the engineering of drill holes. 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. This deeper drilling has confirmed the extension of higher grade gold associated with the fold hinges to depth greatly enhancing the potential to extend gold mineralization to depth. Gold mineralization has now been traced in excess of 400m and still open in both directions and at depth. 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

- TOG12-05 15.0m intercept of 5.04 g/t gold.
- TOG12-07 9.46 g/t gold over 18.55m
- TOG13-025 12.53m intercept of 210.19 g/t gold

On June 19, 2012, the Corporation 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 2012, the Corporation 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.

Drilling performed in 2016 resulted in the discovery of high grade mineralization 480m west of the Thomas Ogden Zone (TOZ). Results include 5.06 g/t gold over 2.6 meters within a moderately to strongly altered Timiskaming sediment with associated pyrite and arsenopyrite mineralization. With this new discovery of high grade mineralization west of TOZ, additional holes are currently being planned to further define the extent of the high grade mineralization and determine if it is the extension of the TOZ zone.

Subsequent to March 31, 2016, the Company resumed drilling on the project.

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

During 2012, 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.

During 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. This drill program was a follow-up the previously announced trenching program resulting in a new gold discovery. This new discovery remains open at depth and along strike as well as to the west since all 3 mineralized holes collared into the zone.

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	12.00	33.00	21.00	1.547	114.121	0.315
incl.	14.00	26.00	12.00	2.431	185.254	0.470
SE13-003	6.50	13.00	6.50	0.371	39.892	0.664
SE13-004	NO SIGNIFICANT ASSAYS					

During 2014, the Company reported results from bottle roll cyanide extraction test work, reporting an average of 92% gold and 81.75% silver 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.

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.

The following tables detail 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

**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

The Company currently has no plans for the squid east project and is currently looking for a joint venture partner.

#### (d) 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). A 15km grid was cut and soil sampling and geophysical surveying conducted as well.

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.

During 2009, the Company announced the identification of a bulk tonnage gold target on its Staghorn gold property. Gold is associated within 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 porphyry as a magnetic low which can be traced over 1000 meters.

Several phases of diamond drilling was undertaken mainly targeting the Woods Lake Zone with results including 1.37 g/t gold over 26.31 meters and 2.16 g/t gold over 12.6 meters.

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 kilometers 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 meters. The boulder train is approximately 175 meters in length. Assays from the 14 samples ranged from 1 parts per billion to 19.1 grams per tonne (g/t).

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

During 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.

During 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 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.

Several phases of prospecting has taken place with the discovery of several new gold occurrences with assays ranging from 5 ppb gold to 7.66 g/t gold along with a detailed soil survey. Several areas of anomalous gold values have been identified.

During 2015, Benton advised the Company that they made a significant visible gold discovery at the project. Earlier prospecting this summer along the north eastern portion of the project identified mineralization grading 19-20 g/t gold in outcrop. Subsequent follow-up discovered visible native gold associated with quartz veining within a large iron-carbonate shear zone. Assays from new follow-up selective grab samples graded from trace up to 189.2 g/t gold. The shear zone has been traced intermittently over more than 2km with other grab samples returning trace to 2.5gpt gold. Five small overburden / till samples were collected over 120m across strike at the visible gold showing of which three contained a few fine grains of native gold in the panned concentrate.

In addition, further Prospecting by Benton to follow up on soil sampling has resulted in the discovery of additional high grade boulders on the Ryans Hammer trend with selective grab samples from numerous large angular mineralized boulders, interpreted to be subcrop, continuing to return encouraging results. The most recent results from four new well mineralized samples assayed 0.62 g/t, 1.5 g/t, 7.7 g/t and 27.8 g/t gold.

During 2015, Benton advised the Company that they have received their drill permit for drilling on the property. As a result, Benton initiated a 1000m to 1500m diamond drilling program to test multiple gold showings, soil geochemical and geophysical anomalies identified by Benton during this summer's exploration program. One of the priority drill targets will be the high grade Ryan's Hammer trend. Drilling will also test the Rich House zone where selective grab samples returned assays ranging from trace up to 189.2 g/t gold. Results will be released as soon as they are received, compiled and communicated to the Company by Benton.

#### **(e) Other Properties**

Included in Other Properties (located in Ontario and Newfoundland) are the Wick's Lake; Tilt Cove; Jackson's Arm; Gryba; Tally Pond; Hearst; Feagan Lake; Mealy Intrusion; Iron horse and Victoria Lake properties. During the period ended March 31, 2016 the Company incurred \$9,132 (March 31, 2015: \$18,642) in pre-acquisition exploration and evaluation costs which were included in expenses for the year.

##### ***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.

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 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 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 which was completed. The magnetic grid will consist of approximately 35 line km over the 'All Channel' Electromagnetic response target discovered by Metals Creek early in 2014 as well as 8 kilometers of induced polarization (IP)..

On September 29, 2014, the Company was advised by Xmet that a "VTEM" survey comprised of 215 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 indicating a bedrock conductor.

During 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.

#### **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 three month period ended March 31, 2016 and 2015:

Payee	Description of Relationship	Nature of Transaction	March 31, 2016 Amount (\$)	March 31, 2015 Amount (\$)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for equipment rentals capitalized in deferred development expenditures	-	-
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services and reimbursement of expenses	7,200	7,200
Nick Tsimidis	Director and Officer	Payments for consulting fees	4,500	6,000
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments for staking services and reimbursement of expenses capitalized in exploration and evaluation assets	-	-

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.

Included in accounts payable and accrued liabilities at March 31, 2016 is:

- \$5,424 payable to Eastrock Exploration Inc., (March 31, 2015: \$2,712)

During the period ended March 31, 2016 the Company recovered \$3,698 in wages from a company related by common directorships for the use of the Company's field geological personnel (March 31, 2015 - \$3,480)

Key management personnel remuneration during the period ended March 31, 2016 included \$83,325 (March 31, 2015 - \$83,370) in salaries and benefits and \$44,131 (March 31, 2015 - \$5,647) in share-based



payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

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

### *Statement of Compliance*

The financial statements, including comparatives for the three month period ended March 31, 2016, have been prepared using accounting policies in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

### *Future Accounting Changes*

The following standards are effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the 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, 2016, 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, 2016, there has been \$4,542,741 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 25, 2016***

As at May 25, 2016 the Company has 31,246,269 common shares issued and outstanding (see events surrounding share consolidation) as well as:

- stock options to purchase an aggregate of 2,216,432 common shares expiring at various dates between August 2016 and March 2021 and exercisable at various prices between \$0.11 and \$0.91 per share
- warrants to purchase an aggregate of 7,147,266 warrants expiring between September 2017 and May 2018 exercisable between \$0.10 and \$0.18 per share.

For additional details of share data, please refer to note 8 of the March 31, 2016 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 period ended March 31, 2016, the Company granted 1,285,000 options directors, officers, employees and consultants of the Company at an exercise price of \$0.11 per share and term of 5 years from the date of grant.

During the year ended December 31, 2015 the Company received shareholder approval at its annual general and special meeting of the Company to consolidate its issued and outstanding common shares on a 1 for 7 basis (the "Consolidation"). In addition the Company received regulatory approval for the Consolidation and it was completed on July 29, 2015. As a result of the Consolidation, the Company's issued and outstanding common shares were decreased from 98,571,214 common shares (pre-Consolidation) to 14,081,602 common shares (post-Consolidation). Following the Consolidation, the Company will retain its current name and its common shares will continue to be listed and posted for trading on the Exchange under the ticker symbol "MEK". All outstanding employee/director incentive stock options will be re-priced to reflect the Consolidation or cancelled.

## **SUBSEQUENT EVENTS**

Subsequent to March 31, 2016, the Company completed a private placement in two separate tranches for total gross proceeds of \$813,710 by issuing 5,310,000 flow-through units at a price of 12.5 cents per flow-through unit and 1,249,666 non-flow-through units at a price of 12 cents per non-flow-through unit. Each flow-through unit consisted of one flow-through common share and one half of one warrant, with each whole warrant entitling the holder thereof to acquire an additional common share of the Company at a price of 18 cents for a period of 24 months following the closing date. Each non-flow-through unit consisted of one common share and one share purchase warrant, each warrant entitling the holder thereof to acquire an additional common share of the Company for 18 cents for a period of 24 months following the closing date.

In connection with the private placement, the Company issued 455,200 finders' warrants, with each warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of 18 cents for a period of 24 months following the closing date. In addition the Company paid finders' fees and other commissions equal to \$56,590 pursuant to the private placement.

The private placement is subject to final acceptance by the TSX Venture Exchange. All securities issued in the private placement are subject to a four-month hold period.

## **DIVIDEND POLICY**

No dividends have been paid on any shares of the Corporation since 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 were previously provided by Paradox Public Relations Inc. ("Paradox") of Montreal, QC (See Commitments and Contingencies).

## **COMMITMENTS AND CONTINGENCIES**

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

The Company has an obligation to expend \$453,423 on qualified Canadian exploration and development expenditures related to a private placement from which flow-through shares were issued at December 31, 2015. These funds must be fully expended on qualified activity by December 31, 2016. The Company is in compliance with all mineral property obligations to the best of the Company's knowledge.

During the year ended December 31, 2015, the Company the Company hired 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 57,143 stock options (400,000 pre-consolidation) to acquire the same number of common shares of the Company at \$0.70 per share (\$0.10 per share pre-consolidation). These options are subject to the

vesting provisions under the Company's stock option plan. During the period ended March 31, 2-16, the Company reduced the monthly fee payable to Paradox to \$2,500. Subsequent to March 31, 2016, the Company terminated its agreement with Paradox.

## **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.