HDI NORTHCLIFF

Northcliff Resources Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED
APRIL 30, 2016 and 2015

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	Note	April 30, 2016	October 31, 2015
ASSETS			
Non-current assets			
Mineral property and equipment	3	$ 23,725,624	$ 23,397,181
Investment		13,241	13,241
		23,738,865	23,410,422
Current assets			
Amounts receivable and prepaid expenses	4	54,504	102,652
Cash		821,812	1,149,635
		876,316	1,252,287
TOTAL ASSETS		$ 24,615,181	$ 24,662,709
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	6	$ 50,717,274	$ 50,717,274
Reserves		3,890,275	3,689,356
Accumulated deficit		(33,667,565)	(32,922,377)
		20,939,984	21,484,253
Non-controlling interests		2,750,830	2,709,139
TOTAL EQUITY		23,690,814	24,193,392
LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	5	71,420	249,733
Amounts payable to a related party	8	408,443	219,584
Loan payable	9	444,504	–
		924,367	469,317
TOTAL EQUITY AND LIABILITIES		$ 24,615,181	$ 24,662,709

Nature and continuance of operations (note 1)

The accompanying notes are an integral part of these condensed consolidated Interim financial statements.

These condensed consolidated interim financial statements are approved for issuance on June 10, 2016 by the Board of Directors and are signed on the Company's behalf by following:

/s/ Peter Mitchell

Peter Mitchell
Director

/s/ Christopher Zahovskis

Christopher Zahovskis
Director

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars, except for weighted average number of shares)

		Three months ended April 30,		Six months ended April 30,	
	Note	**2016**	**2015**	**2016**	**2015**
Expenses					
General and administration	10	$ 241,616	$ 609,268	$ 620,502	$ 1,265,287
Equity-settled share-based payments	7	48,747	19,050	116,919	63,770
Loss from operations		(290,363)	(628,318)	(737,421)	(1,329,057)
Interest income		1,528	6,785	3,708	21,218
Finance expense	9	(36,723)	–	(38,915)	–
Foreign exchange gain (loss)		137	(122)	(451)	(1,371)
Loss and comprehensive loss for the period		$ (325,421)	$ (621,655)	$ (773,079)	$ (1,309,210)
Loss and comprehensive loss attributable to:					
Shareholders of the Company		$ (316,571)	$ (583,384)	$ (745,188)	$ (1,229,528)
Non-controlling interests		(8,850)	(38,271)	(27,891)	(79,682)
Loss and comprehensive loss for the period		$ (325,421)	$ (621,655)	$ (773,079)	$ (1,309,210)
Loss per share					
Basic and diluted loss per share attributable to shareholders of the Company		$ –	$ –	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		106,405,781	91,288,134	106,405,781	91,288,134

The accompanying notes are an integral part of these condensed consolidated Interim consolidated financial statements.

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars, except for share information)

		Attributable to shareholders of the Company								
		Share capital		Reserves						
	Note	Number of shares	Amount	Equity-settled share-based payments	Share purchase warrants (note 9)	Revaluation	Deficit	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at November 1, 2014		91,288,134	$ 48,226,465	$ 3,550,740	$ –	$ 26,482	$ (30,781,290)	$ 21,022,397	$ 2,414,311	$ 23,436,708
Equity-settled share-based payments	7	–	–	63,770	–	–	–	63,770	–	63,770
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	228,871	228,871
Loss and comprehensive loss for the period		–	–	–	–	–	(1,229,528)	(1,229,528)	(79,682)	(1,309,210)
Balance at April 30, 2015		91,288,134	$ 48,226,465	$ 3,614,510	$ –	$ 26,482	$ (32,010,818)	$ 19,856,639	$ 2,563,500	$ 22,420,139
Balance at November 1, 2015		106,405,781	$ 50,717,274	$ 3,689,357	$ –	$ (1)	$ (32,922,377)	$ 21,484,253	$ 2,709,139	$ 24,193,392
Equity-settled share-based payments	7	–	–	116,919	–	–	–	116,919	–	116,919
Issuance of share purchase warrants	9	–	–	–	84,000	–	–	84,000	–	84,000
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	69,582	69,582
Loss and comprehensive loss for the period		–	–	–	–	–	(745,188)	(745,188)	(27,891)	(773,079)
Balance at April 30, 2016		106,405,781	$ 50,717,274	$ 3,806,276	$ 84,000	$ (1)	$ (33,667,565)	$ 20,939,984	$ 2,750,830	$ 23,690,814

The accompanying notes are an integral part of these condensed consolidated Interim financial statements.

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

	Note	Six months ended April 30, 2016	2015
Operating activities			
Net loss for the period		$ (773,079)	$ (1,309,210)
Adjustments for:			
Amortization		1,271	1,850
Equity-settled share-based payments		116,919	63,770
Interest income		(3,708)	(21,218)
Finance expense	9	38,915	–
Changes in non-cash operating working capital:			
Amounts receivable and prepaid expenses		45,606	319,118
Amounts payable and other liabilities		(22,903)	(111,440)
Amounts payable to a related party		214,517	(63,510)
Cash used in operating activities		(382,462)	(1,120,640)
Investing activities			
Deferred mineral development costs		(508,240)	(3,873,278)
Interest received		3,708	21,218
Cash used in investing activities		(504,532)	(3,852,060)
Financing activities			
Capital contributions from non-controlling interests		69,582	228,871
Proceeds from borrowings	9	500,000	–
Interest paid		(10,411)	–
Cash provided by financing activities		559,171	228,871
Decrease in cash		(327,823)	(4,743,829)
Cash, beginning of period		1,149,635	5,644,287
Cash, end of period		$ 821,812	$ 900,458

Supplementary cash flow information:

	Note	2016	2015
Non-cash financing and investing activities:			
Issuance of share purchase warrants pursuant to the Loan	9	$ 84,000	$ –
Deferred mineral development costs accrued in current liabilities		78,000	628,828

The accompanying notes are an integral part of these condensed consolidated Interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Northcliff Resources Ltd. ("Northcliff" or the "Company") is a public company listed on the Toronto Stock Exchange under the symbol "NCF" and was incorporated on May 18, 2010 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 15th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company is primarily engaged in the acquisition and development of mineral properties. The Company holds an 88.5% economic interest in the Sisson Tungsten and Molybdenum Project (the "Sisson Project" or the "Property"), located in New Brunswick, Canada. Todd Minerals Ltd. (the "Todd Group") holds the remaining 11.5% interest in the Sisson Project.

These condensed consolidated interim financial statements (the "Financial Statements") are comprised of the Company and its subsidiaries (together referred to as the "Group").

The Group is in the process of advancing and developing the Sisson Project. The Group's continuing operations and the underlying value and recoverability of the amount shown for the mineral property interest, consisting entirely of the Sisson Project, is dependent upon the ability of the Group to obtain the necessary financing to complete the development and construction of the Sisson Project, obtaining the necessary permits to mine, and the future profitable production from the mine or proceeds from the disposition of its mineral property interest.

These Financial Statements are prepared on the basis that the Group will continue as a going concern which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Group's current sources of funding consist of proceeds from the issuance of debt and equity and contributions by the Todd Group to the Sisson Project Limited Partnership (the "Partnership") to be used to develop the Sisson Project.

Any change in the commitment or timing of debt and equity funding from existing or new shareholders of Northcliff, alternative capital providers, or existing or new limited partners to the Partnership may require Northcliff and the Partnership to curtail planned development activities or seek alternative sources of funding. The recoverability of the carrying value of its mineral property interest is dependent on ongoing access to financing and the successful development and commercial exploitation, or alternatively, the sale of the Sisson Project or the Company's interest in the Partnership. As such, there is material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Management has concluded that presentation as a going concern is appropriate in these Financial Statements based on the Company's current financial position, plans for 2016 (completion of CEAA permitting process and the preservation of cash) and continued financing activities.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of Compliance*

These Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). These Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These Financial Statements should be read in conjunction with the Group's consolidated financial statements as at and for the year ended October 31, 2015. Results for the reporting period ended April 30, 2016 are not necessarily indicative of future results. The accounting policies and methods of computation applied by the Group in these Financial Statements are the same as those applied by the Group in its most recent annual consolidated financial statements which are filed under the Company's profile on SEDAR at www.sedar.com.

(b) *Basis of Presentation and Consolidation*

These Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale which are stated at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in full on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

There was no change in the composition of the Group during the current fiscal quarter.

(c) *Significant Accounting Estimates and Judgements*

The critical judgements and estimates applied in the preparation of these Financial Statements are consistent with those applied in the Group's audited consolidated financial statements as at and for the year ended October 31, 2015.

(d) *Operating Segments*

As Northcliff operates the Sisson Project as a single segment, the Financial Statements should be read as a whole for the results of this single reporting segment.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(e) *Accounting Standards, Interpretations and Amendments to Existing Standards*

<u>*Accounting standards issued but not yet effective*</u>

Effective for annual periods commencing on or after January 1, 2016

- Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to IFRS 7, *Financial Instruments – Disclosure*
- Amendments to IFRS 12 *Disclosure of Interests in Other Entities*

Effective for annual periods commencing on or after January 1, 2018

- IFRS 15, *Revenue from Contracts with Customers*
- IFRS 9, *Financial Instruments*

Effective for annual periods commencing on or after January 1, 2019

- IFRS 16 *Leases*.

The Group has not early adopted these amended standards and is currently assessing the impact, if any, that these amendments will have on the Group's Financial Statements.

3. MINERAL PROPERTY AND EQUIPMENT

(a) *Six months ended April 30, 2016*

	Mineral property acquisition and development costs	Equipment	Total
Cost			
Balance at November 1, 2015	$ 23,389,292	$ 46,287	$ 23,435,579
Additions during the period	329,714	–	329,714
Balance at April 30, 2016	$ 23,719,006	$ 46,287	$ 23,765,293
Accumulated amortization			
Balance at November 1, 2015	$ –	$ 38,398	$ 38,398
Amortization during the period	–	1,271	1,271
Balance at April 30, 2016	$ –	$ 39,669	$ 39,669
Carrying amount			
Net carrying amount at April 30, 2016	$ 23,719,006	$ 6,618	$ 23,725,624
Net carrying amount at October 31, 2015	$ 23,389,292	$ 7,889	$ 23,397,181

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

At April 30, 2016, the Company's mineral property interest represents its 88.5% economic interest in the Sisson Project.

The Group's mineral property interest represents its interest in the Sisson Project, located in New Brunswick, Canada.

During the three and six months ended April 30, 2016, the following deferred mineral development costs were recorded by the Group as additions to mineral property interest:

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
Engineering and design	$ 30,928	$ 296,104	$ 164,893	$ 801,840
Environmental and permitting	12,382	328,515	29,667	618,130
Stakeholder communications	59,100	111,520	135,154	268,256
Total	$ 102,410	$ 736,139	$ 329,714	$ 1,688,226

(b) *Six months ended April 30, 2015*

	Mineral property acquisition and development costs	Equipment	Total
Cost			
Balance at November 1, 2014	$ 20,517,902	$ 46,287	$ 20,564,189
Additions during the period	1,688,226	–	1,688,226
Balance at April 30, 2015	$ 22,206,128	$ 46,287	$ 22,252,415
Accumulated amortization			
Balance at November 1, 2014	$ –	$ 34,697	$ 34,697
Amortization during the period	–	1,850	1,850
Balance at April 30, 2015	$ –	$ 36,547	$ 36,547
Carrying amount			
Net carrying amount at April 30, 2015	$ 22,206,128	$ 9,740	$ 22,215,868

4. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	April 30, 2016	October 31, 2015
Deposits	$ 5,520	$ 19,785
Prepaid expenses	28,806	31,136
Sales tax receivable	20,178	51,731
Total	$ 54,504	$ 102,652

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

5. AMOUNTS PAYABLE AND OTHER LIABILITIES

Due within 12 months	April 30, 2016	October 31, 2015
Amounts payable	$ 58,196	$ 154,607
Accrued liabilities	13,224	95,126
Total	$ 71,420	$ 249,733

6. SHARE CAPITAL

As at April 30, 2016 and October 31, 2015, the authorized share capital was comprised of an unlimited number of common shares without par value. All issued shares are fully paid.

7. EQUITY-SETTLED SHARE-BASED PAYMENTS

The following summarizes the changes in the Company's share purchase options (the "Options"):

Continuity of Options	Six months ended April 30, 2016		Six months ended April 30, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding – beginning of year	8,311,080	$0.41	5,842,240	$0.54
Expired	(832,680)	$0.43	–	–
Granted	950,000	$0.09	–	–
Forfeited	(150,400)	$0.27	(55,960)	$0.41
Outstanding – end of period	8,278,000	$0.37	5,786,280	$0.54
Exercisable – end of period	5,626,467	$0.49	5,209,680	$0.57

Awards vest in several tranches ranging from 6 months to 18 months.

Using Black-Scholes Options Pricing Model, weight average fair value of the Options granted during the current period was determined at $0.06 per option, which is based on the following weighted average valuation assumptions:

Assumption	Value
Expected Life (years)	4.37
Share price	$0.09
Expected volatility	96.33%
Risk free interest rate	0.51%
Dividend yield	–

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

The following table summarizes information on the Options outstanding as at the following reporting dates:

	April 30, 2016		October 31, 2015	
Exercise price	Number of Options outstanding	Weighted average remaining contractual life (years)	Number of Options outstanding	Weighted average remaining contractual life (years)
$0.09	950,000	4.07	–	–
$0.12	2,566,600	3.42	2,625,200	3.90
$0.25	1,693,800	2.18	1,729,800	2.65
$0.43	1,440,200	1.77	2,328,680	1.50
$1.00	1,627,400	0.15	1,627,400	0.65
	8,278,000	2.31	8,311,080	2.33

The following table summarizes information on the Options exercisable as at the following reporting dates:

	April 30, 2016		October 31, 2015	
Exercise price	Number of Options exercisable	Weighted average remaining contractual life (years)	Number of Options exercisable	Weighted average remaining contractual life (years)
$0.12	865,067	3.41	–	–
$0.25	1,693,800	2.18	1,729,800	2.65
$0.43	1,440,200	1.77	2,328,680	1.50
$1.00	1,627,400	0.15	1,627,400	0.65
	5,626,467	1.68	5,685,880	1.61

8. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Balance due to related parties, other than the Loan payable (note 9), is comprised of the following:

Balances payable to a related party	April 31, 2016	October 31, 2015
Balance due to Hunter Dickinson Services Inc. (note 8(b))	$ 408,443	$ 219,584

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Details of transactions with related parties are disclosed below:

(a) Transactions with Key Management Personnel

Key management personnel ("KMP") are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

Transactions with KMP were as follows:

Remuneration for services rendered	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
Payment to HDSI[(i)] for services of KMP	$ 60,000	$ 234,000	$ 265,000	$ 462,000
Payment to KMP directly employed by the Group[(ii)]	–	25,000	12,000	47,000
Share-based compensation	22,000	13,000	49,000	42,000
Total	$ 82,000	$ 272,000	$ 326,000	$ 551,000

(i) Certain of the Company's executive directors and senior management are employed by the Company through HDSI (note 8(b))

(ii) These payments represent fees paid independent directors.

In January 2016, the Company received a loan from a director of the Company (note 9).

(b) Balances and Transactions with Related Entities

Management believes that Hunter Dickinson Services Inc. ("HDSI"), a private company, has power to participate in the financial or operating policies of the Company. Certain directors and employees of HDSI are KMP of the Company. Pursuant to certain management agreements between the Company and HDSI, the Group receives geological, engineering, corporate development, administrative, management and shareholder communication services from HDSI. HDSI also incurs third party costs on behalf of the Group.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

The following is a summary of transactions with HDSI is as follows:

	Three months ended April 30,		Six months ended April 30,	
Transactions with related entities	2016	2015	2016	2015
Services received from HDSI based on annually set rates:				
Accounting, legal and administration	$ 63,400	$ 140,100	$ 158,800	$ 300,600
Corporate communications	2,200	7,200	7,700	12,900
Corporate development	11,300	52,900	42,000	106,900
Engineering	–	20,900	22,400	38,400
Environmental and permitting	1,200	60,800	5,500	145,800
Geology	300	5,700	1,800	20,100
Information technology	–	100	300	37,700
Management and stewardship	41,500	179,200	105,800	348,800
Site services	–	26,400	500	53,300
Stakeholder affairs	1,200	64,100	18,500	98,900
	$ 121,100	$ 557,400	$ 363,300	$ 1,163,400
Reimbursement of third party costs incurred by HDSI on behalf of the Group	$ 54,000	$ 109,000	$ 91,000	$ 177,000

9. LOAN PAYABLE

On January 14, 2016, the Company entered into a $500,000 Loan Agreement (the "Loan") with a director of the Company (the "Lender"). The Loan is unsecured and is repayable at the end of twelve months. The Loan bears interest at a rate of 10% per annum that is payable in arrears at the end of each calendar quarter.

On March 14, 2016, after TSX Exchange approval, the Company issued 2,000,000 share purchase warrants (the "Warrant(s)") to the Lender pursuant to the Loan Agreement and 399,769 share purchase warrants to the Todd Group, with the approval of the Company's shareholders and pursuant to their pre-emptive right to maintain their shareholding at 19.9%. The Warrants entitle the holders to acquire one common share of the Company at a price of $0.095 per share for a two year term, except, the warrants issued to the Todd Group are only exercisable to the extent shares are issued to the Lender upon exercise of the Warrants.

The fair value of the Warrants was determined as $0.042 per Warrant using the Black-Scholes option pricing model based on the following assumptions: risk-free rate of 0.53%; expected volatility of 91%; expected life of 2 years; share price of $0.09 and dividend yield of nil. The fair value of the Warrants issued to the Lender was recognized as reserve within shareholders' equity and the corresponding amount was recorded as financing cost to be amortized over the term of the Loan.

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

The continuity of the carrying amount of the Loan is as follows:

	Six months ended April 30, 2016
Balance at the beginning of the period	$ –
Cash proceeds from the Loan	500,000
Fair value of the Warrants issued pursuant to the Loan	(84,000)
Interest and amortization of deferred financing cost	38,915
Coupon payment	(10,411)
Balance at the end of the period	$ 444,504

10. EMPLOYMENT COSTS

Employees' salaries(i) and benefits included in various expenses were as follows:

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
General and administration expenses	$ 138,000	$ 355,000	$ 359,000	$ 748,000
Equity-settled share-based payments	49,000	19,000	117,000	64,000
	$ 187,000	$ 374,000	$ 476,000	$ 812,000

(i) Salaries include remuneration of KMPs and amounts paid to HDSI for services provided to the Group by HDSI personnel (see note 8).

Northcliff Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2016

TABLE OF CONTENTS

1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Northcliff Resources Ltd. ("Northcliff" or the "Company") for the three and six months ended April 30, 2016, the audited consolidated financial statements for the year ended October 31, 2015, and related MD&A as publicly filed on SEDAR at www.sedar.com.

The Company reports in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee (together known as "IFRS"). The following disclosure and associated financial statements are presented in accordance with IFRS. All monetary amounts herein are expressed in Canadian Dollars ("CAD") unless stated otherwise.

This MD&A is prepared as of June 10, 2016.

Cautionary Note Regarding Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements" or "forward-looking information" within the meaning of Canadian and United States securities law.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. The assumptions used by Northcliff to develop forward-looking statements include the following: the Sisson Project will obtain all interim and construction financing required to advance to construction, build and operate the mine, the Sisson Project will receive all required environmental and other permits for construction of the mine, the Sisson Project will achieve targeted production levels; study and development of the Sisson Project will continue to be positive; contracted parties provide goods and/or services on the agreed timeframes; equipment necessary for construction and development is available and does not incur unforeseen breakdowns; no material labour slowdowns or strikes are incurred; plant and equipment functions as specified; geological or financial parameters do not necessitate future mine plan changes; our expectations of continued availability of capital and debt financing, and no geological or technical problems occur. The factors include but are not limited to uncertainties and costs related to the Company's exploration and development activities, such as those associated with determining whether mineral resources or reserves exist on a property; uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project; uncertainties related to expected production rates, timing of production and the cash and total costs of production and milling; uncertainties related to the ability to obtain necessary licenses, permits, electricity, surface rights and title for development projects; operating and technical difficulties in connection with mining development activities; uncertainties related to the accuracy of our mineral reserve and mineral resource estimates and our estimates of future production and future cash and total costs of production, and the geotechnical or hydrogeological nature of ore deposits, and diminishing quantities or grades of mineral reserves; uncertainties related to unexpected judicial or regulatory proceedings; changes in, and the effects of, the laws, regulations and government policies affecting our mining operations, particularly laws, regulations and policies relating to mine expansions, environmental protection and associated compliance costs arising from exploration, mine development, mine operations and mine closures; expected effective future tax rates in jurisdictions in which our operations are located; the protection of the health and safety of mine workers; mineral rights ownership in countries where our mineral deposits are located; changes in general economic conditions, the financial markets and in the demand and market price for tungsten, molybdenum and other minerals and commodities, such as diesel fuel, coal, petroleum coke, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the U.S. Dollar and Canadian Dollar; unusual or unexpected formation, cave-ins, flooding, pressures, and precious metals losses, or other similar events (and the risk of inadequate insurance or inability to obtain insurance to cover these risks); changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; the exploration and development of properties located within First Nations treaty and Aboriginal groups asserted territories may affect or be perceived to affect treaty and asserted aboriginal rights and title, which may cause permitting delays or opposition by Aboriginal groups or communities; environmental issues and liabilities associated with mining including processing and stock piling ore; geopolitical uncertainty and political and economic instability in countries which we operate; and labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mineral projects or mines, or environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines. Forward-looking statements are generally, but not always, identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “projects”, “potential”, “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will be taken”, “occur” or “be achieved”.

The Company reviews its forward-looking statements on an ongoing basis and updates this information when circumstances require it. For more information on the Company, investors should review the Company’s annual information form that is available on SEDAR at www.sedar.com.

Cautionary Note to U.S. Investors Concerning Reserve Estimates

The mineral reserves disclosed in this management discussion and analysis have been estimated in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”), as required by Canadian securities regulatory authorities. The Company is not subject to the reporting requirements of section 13(a) of section 15(d) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). However, the Company’s U.S. investors are cautioned that SEC Industry Guide 7 under the Exchange Act, as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates contained in this discussion may not qualify as “reserves” under SEC standards. In addition, disclosure of “contained ounces” is permitted disclosure under Canadian regulations; however, the SEC only permits Exchange Act reporting companies to report reserves in ounces, and requires reporting of mineralization that does not qualify as reserves as in place tonnage and grade without reference to unit measures.

1.2 Overview

For the purposes of the discussion below, references to the quarters are in relation to the Company's fiscal reporting period, unless otherwise indicated.

Northcliff is a mineral exploration and development company focused on advancing the Sisson Tungsten-Molybdenum Project (the "Sisson Project" or the "Project") in New Brunswick, Canada to production. Northcliff holds an 88.5% interest in the Sisson Limited Partnership (the "Sisson Partnership") that owns the Sisson Project.

The Sisson Project is an initiative to develop a 30,000 tonne per day ("tpd") open pit mine and processing facilities that are forecast to produce 557,000 metric tonne units ("mtu") of tungsten trioxide ("WO_3") and 4.1 million pounds ("M lb") molybdenum ("Mo") annually over a 27-year mine life[1].

The Project is currently progressing through an environmental impact assessment ("EIA") process, which requires both provincial and federal approval. On December 3, 2015, a positive Certificate of Determination for the Sisson Project was received from the Government of New Brunswick.

On April 18, 2016, the Canadian Environmental Assessment Agency ("CEAA") began the final 30-day public comment period on the Comprehensive Study Report for the Sisson Project. Following this, a recommendation will be made by CEAA to the Minister of Environment and Climate Change for a final decision on the EIA of the Project.

Northcliff has conducted an extensive and ongoing engagement program with representatives of government agencies, local communities, First Nations and other project stakeholders in New Brunswick since early in its involvement with the Project. The Sisson team continues to provide information to interested parties and receive input about project activities and plans.

Project activities continue to be focused on advancing successfully through the CEAA process and to secure construction permits, including consultation necessary to support the final steps of the EIA approval process. The management team also continues discussions with identified off-take companies and parties that could provide interim and project construction financing.

1.2.1 Sisson Tungsten-Molybdenum Project

The 18,880-hectare Sisson property is located approximately 100 kilometres by road northwest of the City of Fredericton, which is a centre for business, education and government services in the

[1] Further details are provided under Engineering Studies, Section 1.2.1 below.

Province of New Brunswick. New Brunswick is a progressive mining jurisdiction, with a skilled workforce and well-developed infrastructure.

Situated in an area of rolling topography, the Sisson Project area is readily accessible by highway from Fredericton and parts of the site are accessible by numerous secondary and forestry roads. High-tension power lines from the provincial electrical grid cross the property. A rail line and siding are located 15 kilometres east of the deposit. The property is connected to deep sea ports at Saint John to the south and Belledune to the north by the rail line and by road.

Northcliff acquired a controlling interest in the Sisson Project in October 2010 and initiated studies to support completion of a feasibility study. The Company acquired the remaining minority interest in June 2012 and became 100% owner of the Project. In October 2013, Northcliff transferred its mineral property interest in the Sisson Project into the Sisson Partnership and, pursuant to the Sisson Project Limited Partnership Agreement, its economic interest in the Sisson Project was reduced to 88.5% (see 1.2.2 Financing).

Geology

The Sisson Project hosts a structurally-controlled deposit that obliquely spans a north-trending, nearly vertical contact between two phases of the Howard Peak Granodiorite to the west and metavolcanic and metasedimentary rocks to the east. Tungsten and molybdenum mineralization occurs mainly as scheelite and molybdenite, respectively, within narrow, sheeted, northwest-trending quartz-sulphide veins which surround larger, north-trending shear veins.

Feasibility and Basic Engineering Studies

The Feasibility Study[2] for the Sisson Project was completed in early 2013 by Samuel Engineering, Inc., with input from other specialist engineering firms. The study defines the Sisson Project as a 30,000 tpd open pit mine and conventional ore processing facilities that are supplemented by value-added on-site processing of tungsten concentrates in an ammonium paratungstate ("APT") plant, producing an average of 557,000 mtu WO_3 in APT and 4.1 M lb Mo in concentrate annually over a 27-year mine life. The study anticipates an initial capital expenditure (including 15% contingency) of $579 million and average cash costs of APT production of $8.18/t milled or $153/mtu (net of Mo

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[2] The 2013 Feasibility Study and Technical Report:

- Assumptions used include average long-term metal prices of US$350/mtu for APT and US$15/lb for Mo and US$:$C exchange rates of 1:1 for capital cost estimates, and 0.98-0.92:1 (years 1-4) and 0.90:1 (year 5+) for the financial analysis. Results presented are based on a 100% interest.
- At an US$8.83/t NSR cut-off, Proven and Probable Mineral Reserves are 334,363,000 tonnes grading 0.066% WO_3 and 0.021% Mo.
- Further details are provided in the Technical Report and in the Company's 2015 AIF which are filed at www.sedar.

Independent Qualified Persons for the Technical Report, effective date January 22, 2013 are David W. Rennie, PEng, Roscoe Postle Associates, Inc., Jim Gray, PEng, Moose Mountain Technical Services, Daniel Freidman, PEng, Knight Piesold Consulting, Matt Bolu, PEng, Bolu Consulting Engineering, Inc., Gene Greskovich, PE, and Steven Pozder, PE, Samuel Engineering, Inc.

credits). Economic results included a post-tax net present value (at an 8% discount) of $418 million with an internal rate of return of 16.3% and a 4.5 year payback.

From 2013-2015, Northcliff and its consultants advanced basic engineering studies, including the plant site and associated infrastructure, tailings storage facility and water management systems, open pit mine and water treatment facilities. In addition, in 2015 NB Power completed a program along the proposed route and refined the design for a 138 kV transmission line.

Basic engineering will resume pending EIA approvals, improved market conditions, and availability of funding.

Environmental Studies

Since 2011, Northcliff has undertaken studies of air quality, acoustics, surface and groundwater resources, environmental geochemistry, terrestrial and aquatic habitats, fish and wildlife, wetlands, land and resource uses, heritage resources, socio-economics, and traditional Aboriginal land uses. The information from these studies has been used for project planning and design and to prepare the environmental impact assessment report ("EIA Report"), and it will also provide baseline data for monitoring during construction and operation. An archeological test pitting program was also completed.

Environmental Assessment Process

The draft EIA Report was submitted to the Canadian Environmental Assessment Agency ("CEAA") and New Brunswick Department of Environment and Local Government ("NBDELG") on July 31, 2013. CEAA posted the draft EIA Report to its website on August 30, 2013 for initial review by the public and First Nations, and it was also reviewed by federal and provincial government agencies. From November 2013 to December 2014, Northcliff responded to numerous rounds of information requests related to the EIA Report from both governments, the public and First Nations. A Comprehensive Study Report is being prepared by CEAA for public review.

The provincial review of the draft EIA Report was completed in March 2015, and the Final EIA Report was the subject of a 90-day public consultation period completed on July 17, 2015. A positive Certificate of Determination was received from the Provincial Government on December 3, 2015.

The Canadian Environmental Assessment Agency ("CEAA") posted the Comprehensive Study Report for the Sisson Project on the CEAA website on April 15, 2016. The final 30-day public comment period began on April 18, 2016. Once these comments have been considered, the federal government will make a final decision on the Project.

Key project permit applications for authorizations under the Fisheries Act and amendment of Schedule 2 of the *Metal Mining Effluent Regulations* to list the Sisson Project TSF have been initiated in parallel with the EIA process. In addition, applications for a mining lease from the Province under the *Mining Act* and a Crown Lease have commenced.

Consultation with First Nations is an integral part of the EIA process and is also part of the Fisheries Act authorization and Schedule 2 amendment processes. The Company provided funding and in-kind support to New Brunswick First Nations to assist in their participation throughout the EIA process, capacity funding was also provided to New Brunswick First Nations under CEAA's Participant

Funding Program and New Brunswick First Nations received funding from the New Brunswick and Federal governments during the EIA process.

Community and Stakeholder Engagement

Public, stakeholder and First Nations engagement continues to be a central focus of the Sisson Partnership's activities in New Brunswick. Consistent with its commitment to responsible mineral development, the Sisson Partnership intends to continue outreach through all stages of development, operation and closure. Public outreach to date has included numerous public open houses, project and Company websites, regular newsletters, community focus groups and community giving.

A Process Agreement which provides a framework for a Cooperation Agreement (also known as an Impact Benefits Agreement) has been signed by Northcliff and the Woodstock First Nation, a Maliseet Nation community whose traditional territory is in the area where the Sisson Project is located. Negotiations towards a Cooperation Agreement are continuing.

Engagement activities with the other New Brunswick First Nations is facilitated through regular communications, a First Nation-government-Sisson Partnership EIA working group and other activities.

1.2.2 Financing

In October 2013, Northcliff entered into an agreement with Todd Minerals Ltd., a subsidiary of the Todd Corporation (together referred to herein as the "Todd Group"), whereby the Todd Group completed a private placement of $5 million and acquired 13,888,889 common shares of Northcliff, becoming the largest shareholder of the Company with an approximate 15% interest in Northcliff.

Northcliff and the Todd Group also entered into the Sisson Project Limited Partnership agreement whereby the Todd Group acquired an initial 11.5% interest in the Sisson Partnership for an initial contribution of $14 million in the Sisson Project, which was received on a staged basis during the period of October 2013 to October 2014. Moving forward, the Sisson Project development cost may be funded by the partners in proportion to their respective ownership interest in the Sisson Partnership.

The Todd Group has the option to earn an additional 10% interest in the Sisson Partnership by investing $20 million in the Sisson Partnership at any time up to a final investment decision to commence construction.

In May 2015, Northcliff completed a $2.7 million non-brokered private placement financing in which Todd Corporation ("Todd") participated and acquired an additional 7,380,000 common shares. Todd now holds 19.99% interest in Northcliff.

On January 14, 2016, Northcliff entered into a $500,000 Loan Agreement (the "Loan") with a non-arm's length director of the Company (the "Lender"). The Loan is unsecured, will bear interest at a rate of 10% per annum and is repayable after twelve months or earlier on the occurrence of a default. In connection with the Loan, Northcliff agreed to issue to the Lender 2,000,000 of its share purchase warrants, each entitling the holder to acquire one common share of Northcliff for two years at a price of $0.095 per share. On March 14, 2016, the Company issued 2,000,000 share purchase warrants to the Lender pursuant to the Loan agreement and 399,769 share purchase warrants to the Todd Group, with the approval of the Company's shareholders and pursuant to their pre-emptive right to maintain their shareholding at 19.9%. The warrants to the Todd Group were issued under the same terms as the Loan, and are only exercisable to the extent shares are issued to the Lender.

The Company continues to focus on preserving its cash resources while maintaining its operational activities as set out above.

1.2.3 Market Trends

The information in the Market Trends section is based on calendar years.

China continues to produce more than 80% of global tungsten supply and holds the largest global reserves of tungsten. As the world's largest single consumer of tungsten, China has reduced its tungsten exports through several means, most notably through export quotas, in order to focus its supply on meeting domestic needs. In response to a World Trade Organization ("WTO") ruling in 2014, these levies were abolished effective May 1, 2015 and replaced with a 6.5 percent resource tax charged in China on the value of concentrate processed from mining ores.

Tungsten is commonly quoted as the intermediary product called APT, which is priced in US$ per mtu (an mtu represents 10 kilograms of WO_3).

The average annual price of APT increased from US$237/mtu in 2010 to US$428/mtu in 2011. From 2012 to the latter part of 2014, prices were variable, then decreased in 2015. An uptrend appears to have begun since early 2016 with prices at the end of April breaching the $200/mtu barrier.

Molybdenum prices were variable but improving in 2010 and 2011, and variable but weakening in 2012 and 2013. Following an uptrend from January to August 2014, prices largely decreased over the next 18 months (to the end of 2015) but have also improved since early 2016.

Average annual tungsten and molybdenum prices over the past five years, as well as the average of prices to date in 2016, are tabulated below.

Year	Average APT Price (US$/mtu)	Average Mo Price (US$/lb)
2011	428	15.44
2012	385	12.81
2013	370	10.40
2014	344	11.59
2015	234	6.73
2016 (to the date of this MD&A)	200	5.85

Source: www.metalprices.com

1.3 Selected Annual Information

Not applicable

1.4 Summary of Quarterly Results

Amounts are expressed in thousands of Canadian Dollars, except per share amounts. Minor differences are due to rounding.

	Apr 30 2016	Jan 31 2016	Oct 31 2015	Jul 31 2015	Apr 30 2015	Jan 31 2015	Oct 31 2014	July 31 2014
G&A	$ 241	$ 379	$ 372	$ 520	$ 609	$ 656	$ 921	$ 1,104
Share-based payments	49	68	59	16	19	45	54	138
Tax credit received	–	–	–	–	–	–	–	(166)
Loss from operations	(290)	(447)	(431)	(536)	(628)	(701)	(975)	(1,076)
Other items(i)	(35)	(1)	4	(1)	7	13	7	20
Net loss	$ (325)	$ (448)	$ (427)	$ (537)	$ (621)	$ (688)	$ (968)	$ (1,056)
Total loss attributable to shareholders of the Company	$ (317)	$ (428)	$ (402)	$ (510)	$ (583)	$ (647)	$ (886)	$ (958)
Basic and diluted Loss per share attributable to shareholders of the Company	$ –	$ –	$ –	$ (0.01)	$ –	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares ('000')	106,406	106,406	106,406	101,846	91,288	91,288	91,288	91,288

(i) Other items include finance expense and income

Starting October 2013, the Company began capitalizing costs relating to the development of the Sisson Project, and as a result, no longer recognized exploration and evaluation costs for the project. The credit received during the July 2014 quarter relates to a refundable provincial investment tax credit for expenditures qualifying as scientific research and experimental development that were incurred during the 2011 fiscal year.

Administrative costs generally follow the trend and activity for mineral development and project advancement of the Sisson Project. During the July 2014 quarter, there was significant activity involved with obtaining financing for the Company, including obtaining services from the Project's financial advisor (Societe Generale) on initial project debt and equity financing options. Since the July 2014 quarter, the decline in administrative costs has been consistent with overall project spending on engineering costs and costs associated with the submission of the EIA in November 2014.

1.5 Results of Operations

The following financial data is expressed in Canadian Dollars, unless otherwise stated, and is rounded to nearest thousands of dollars.

The Company's operations and business are not driven by seasonal trends, but rather the achievement of project milestones such as the achievement of various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits and regulatory approvals, completion of feasibility and engineering studies, preparation of engineering designs, commencement of mine construction and production and receipt of financing to fund these objectives.

Results for the Quarter and Year-to-Date ("YTD") Period Ended on April 30, 2016 vs. 2015

During the quarter ended April 30, 2016, the Company recorded a net loss of $325,000 (2016 YTD – $773,000) compared to a net loss of $622,000 during the quarter ended April 30, 2015 (2015 YTD - $1,309,000). Of the current quarter's net loss, $317,000 was attributable to shareholders of the Company (2016 YTD – $745,000) compared to $583,000 during the same period of prior year (2015 YTD – $1,230,000). The decrease in net loss is mainly due to lower general and administration costs commensurate with the decline in project related activities.

The analysis herein is based on total expenditures, including amounts attributable to non-controlling interests.

The Company incurred general and administration expenses of $242,000 during the current quarter (2016 YTD – $621,000) compared to $609,000 during the same quarter of prior year (2015 YTD – 1,265,000). During the prior period, there was significant activity relating to project financing matters, as well as meetings with government agencies, stakeholders and First Nations. During the current quarter, the reduction in general and administration expenses was in line with the reduction in overall operating activities as discussed herein.

During the current quarter, expenses for equity-settled share-based payments increased to $49,000 (2016 YTD – $117,000) compared to $19,000 during the last year's quarter (2015 YTD – 64,000). The increase relates mainly to the fair value amortization of the Company's share purchase options granted in the last quarter of fiscal year 2015 as well as in the first quarter of the current fiscal year.

During the current quarter, the Company recorded finance expense of $37,000, which comprises of interest and amortization of finance cost relating the short-term borrowing from a director. During the prior year quarter, there was no debt outstanding.

Financial position as at April 30, 2016 vs. October 30, 2015

The Company's total assets at April 30, 2016 were approximately equal to its total assets at October 30, 2015.

Deferred mineral development costs incurred during the period were as follow:

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
Engineering and design	$ 30,928	$ 296,104	$ 164,893	$ 801,840
Environmental and permitting	12,382	328,515	29,667	618,130
Stakeholder communications	59,100	111,520	135,154	268,256
Total	$ 102,410	$ 736,139	$ 329,714	$ 1,688.226

1.6 Liquidity

At April 30, 2016, the Company had cash of $0.8 million (October 31, 2015 – $1.1 million) and negative working capital of approximately $0.1 million (October 31, 2015 – working capital of $0.8 million). Approximately $0.3 million of the cash balance as at April 30, 2016 was held by the Sisson Partnership.

The financing received from the May 2015 private placement and the Todd Group to date have allowed the Company to continue engineering studies, support the EIA process, prepare permitting applications, pursue project finance interest, advance offtake interest in the products, as well as fund the Company's ongoing administrative and stewardship expenses. In January 2016, the Company received a $500,000 loan from one of its directors to fund working capital requirements (1.2.2 Financing).

Further advancement and development of the Sisson Project will require additional funding from a combination of the Company's shareholders, the Sisson Partnership's existing or potential new partners, alternative capital providers, and debt financing. As the Sisson Project is currently in the development stage, the Sisson Partnership does not have any revenues from operations, except for interest income from its cash and cash equivalents. Therefore, the Sisson Partnership relies on funding from its partners for its continuing financial liquidity and the Company relies on equity market, alternative capital providers, and debt financing as sources of funding. The Company's and the Partnership's plans for 2016 is centered on cash preservation, obtaining new sources of financing and advancing the permitting process at the Sisson Project.

The Company and the Sisson Project do not have any material capital lease obligations, purchase obligations or any other long-term obligations.

1.7 Capital Resources

The Company's current capital resources consist of its cash reserves. To date, the Company's main source of funding has been through the issuance of equity securities for cash, primarily through private placements to investors and institutions, through the cash contributions made to the Sisson Partnership by the Todd Group and debt. The Company's access to development and project financing is always uncertain. There can be no assurance of continued access to significant equity, debt or alternative sources of funding to finance the Company's ongoing operations.

Except as discussed herein, the Company has no lines of credit or other sources of financing which have been arranged but are as yet unused. There were no externally imposed capital requirements to which the Company is subject to and with which the Company has not complied.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Key Management Personnel

This disclosure is provided in note 8 of the Company's unaudited condensed consolidated interim financial statements as at and for the three and six months ended April 30, 2016, which are publicly filed on SEDAR at www.sedar.com.

Hunter Dickinson Inc.

Description of the Relationship

Hunter Dickinson Inc. ("HDI") and its wholly-owned subsidiary, Hunter Dickinson Services Inc. ("HDSI"), are private companies established by a group of mining professionals engaged in advancing mineral properties for a number of publicly-listed exploration companies, one of which is the Company.

The following directors or officers of the Company also have a role within HDSI:

Individual	Role within the Company	Role within HDSI
Marchand Snyman	Director, Chairman	Director
Robert Dickinson	Director	Director
Scott Cousens	Director	Director
Christopher Zahovskis	Director, President, Chief Executive Officer	Employee
Bryce Hamming	Chief Financial Officer	Employee
Trevor Thomas	Corporate Secretary	General counsel

Business Purpose of the Related Party Transactions

HDSI provides technical, geological, corporate communications, regulatory compliance, and administrative and management services to the Company, on an as-needed and as-requested basis from the Company.

HDSI also incurs third party costs on behalf of the Company. Such third party costs include, for example, directors and officers insurance, travel, conferences, and technology services.

As a result of this relationship, the Company has ready access to a range of diverse and specialized expertise on a regular basis, without having to engage or hire full-time employees or experts. The Company benefits from the economies of scale created by HDSI which itself serves several clients.

Measurement Basis Used

The Company procures services from HDSI pursuant to an agreement dated July 2, 2010. Services from HDSI are provided on a non-exclusive basis as required and as requested by the Company. The Company is not obligated to acquire any minimum amount of services from HDSI. The fees for services from HDSI are determined based on a charge-out rate for each employee performing the service and for the time spent by the employee. Such charge-out rates are agreed and set annually in advance.

Third party costs are billed at cost, without markup.

Ongoing Contractual or Other Commitments Resulting from the Related Party Relationship

There are no ongoing contractual or other commitments resulting from the Company's transactions with HDSI, other than the payment for services already rendered and billed. The agreement may be terminated upon 60 days' notice by either of the Company or HDSI.

Transactions with and balance due to/from HDSI

This disclosure is provided in note 8 of the Company's unaudited condensed consolidated interim financial statements as at and for the three and six months ended April 30, 2016, which are publicly filed on SEDAR at www.sedar.com.

1.10 Fourth Quarter

Not applicable for the interim MD&A.

1.11 Proposed Transactions

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course of business.

1.12 Critical Accounting Estimates

The required disclosure is provided in note 2(c) of the Company's consolidated financial statements as at and for the year ended October 31, 2015, which are publicly filed on SEDAR at www.sedar.com.

1.13 Changes in Accounting Policies Including Initial Adoption

The required disclosure is provided in note 2(e) of the Company's unaudited condensed consolidated interim financial statements as at and for the three and six months ended April 30, 2016, which are publicly filed on SEDAR at www.sedar.com.

1.14 Financial Instruments and Other Instruments

The required disclosure is provided in note 15 of the Company's audited consolidated financial statements as at and for the year ended October 31, 2015, which are publicly filed on SEDAR at www.sedar.com. The Company's use of financial instruments and related risks have not significantly changed since October 31, 2015. The Company's liquidity position has been analyzed in section 1.6 *Liquidity* above.

1.14.1 Disclosure of Outstanding Share Data

The following details the share capital structure as at the date of this MD&A:

	Number
Common shares	106,405,781
Share purchase options	8,327,600
Share purchase warrants	2,399,769

1.14.2 Internal Controls over Financial Reporting and Disclosure Controls

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and that required information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, so that decisions can be made about the timely disclosure of that information.

Internal Controls over Financial Reporting Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Executive Officer and Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

There has been no change in the design of the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this Management's Discussion and Analysis.

Limitations of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that any system of disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

1.15 Risk Factors

The required disclosure is provided in the "Risk Factors" section of the Company's Annual Information Form ("AIF") for the year ended October 31, 2015. Management has not identified any additional risk factors other than the disclosure provided in the AIF.