ETHOS GOLD CORP.

Management's Discussion & Analysis

FOR THE YEAR ENDED DECEMBER 31, 2015

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") includes financial information from, and should be read in conjunction with, the audited financial statements of Ethos Gold Corp., ("the Company") for the years ended December 31, 2015 and 2014. This MD&A, for the year ended December 31, 2015, reflects the Company's adoption of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A was prepared with information available as of March 21, 2016. Additional information and disclosure relating to the Company can be found on SEDAR at **www.sedar.com**

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, which include all statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. These include, without limitation:

- the Company's anticipated results and developments in the Company's operations in future periods
- planned exploration and development of its mineral properties
- planned expenditures and budgets
- evaluation of the potential impact of future accounting changes
- estimates concerning share-based compensation and carrying value of properties
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the related property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, including among other things, the price of gold and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- fluctuations in mineral prices;
- the Company's dependence on a limited number of mineral projects;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;

- jurisdiction operating risks which can over time include changes in political, economic, regulatory and taxation regimes;
- governmental regulations and specifically the ability to obtain necessary licenses and permits;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- fluctuations in the currency markets;
- changes in environmental laws and regulations which may increase costs of doing business and restrict the Company's operations;
- risks related to the Company's dependence on key personnel; and
- estimates used in the Company's financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

OVERVIEW

The Company was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2007, the Company completed an initial public offering ("IPO") and was publicly listed as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("the TSX-V"). In 2008, the Company announced a proposed Qualifying Transaction. In July 2009, the TSX-V accepted the Company's Qualifying Transaction and filing statement, and the Company began trading on the TSX-V as a Tier 2 company under the symbol ECC. The Company's principal business activity is the identification, exploration and development of economically viable mineral properties. However, since the downturn in the commodities market for precious and base metals the Company has been reviewing opportunities to acquire an interest in assets or a business outside of the mineral exploration sector with a view to creating shareholder value.

HIGHLIGHTS DURING 2015

On October 26, 2015 the Company entered into a non-binding letter of intent to complete a business combination (the "Transaction") with Zootly, LLC. This non-binding letter of intent was subsequently terminated on November 20, 2015 when the Company determined that the Transaction was not in the best interests of the shareholders.

As at December 31, 2015, the Company had cash and a working capital balance of $7.6 million.

EXPLORATION UPDATE

WC Property, Yukon

The Company staked a 44 claim property in 2012. This property is surrounded by Western Copper's advanced Casino copper-gold project where a positive feasibility was completed in 2012. During 2012, the Company completed reconnaissance ridge-and-spur soil sampling which identified nine sample sites with anomalous gold and pathfinder elements. This property will remain in good standing until to 2018 without any further expenditures.

SELECTED FINANCIAL INFORMATION

Fiscal Year ended	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Total Revenue	Nil	Nil	Nil
Net Loss and Comprehensive Loss for the Year	$554,949	$426,836	$898,369
Net Loss Per Common Share	$0.01	$0.01	$0.02
Total Assets	$7,635,389	$8,094,474	$8,483,750
Total Liabilities	$62,363	$32,452	$23,220
Cash Dividends per Common Share	Nil	Nil	Nil
Number of Common Shares Issued and Outstanding	43,458,911	43,458,911	43,458,911

RESULTS OF OPERATIONS

Year ended December 31, 2015, compared to the Year ended December 31, 2014

The Company recorded a net loss of $554,949 for the year ended December 31, 2015 ("Current Year") ($0.01 loss per common share) compared to a net loss of $426,836 ($0.01 loss per common share) for the year ended December 31, 2014 ("Comparative Year"), an increase of $128,113.

In the Current Year, the Company incurred share-based payments, a non-cash expense, of $65,953 compared to $28,328 in the Comparative Year. The increase from the Comparative Year is the result of 750,000 share purchase options being granted and vesting immediately in the Current Year compared to 100,000 share purchase options being granted in the Comparative Year with a 12 month vesting schedule.

In the Current Year, the Company incurred consulting fees of $235,220 compared to $224,195 in the Comparative Year. The Company has engaged consultants throughout the Current and Comparative Years in an effort to identify business opportunities that have the ability to add value to the Company.

In the Current Year, the Company incurred listing and filing fees of $23,150 compared to $43,341 in the Comparative Year. The decrease from the Comparative Year is the result of the Company cancelling its listing on the OTCQX in the fourth quarter of 2014.

In the Current Year, the Company incurred office and administrative expenses of $79,309 compared to $118,356 in the Comparative Year. The Company reduced its overall administrative expenses to preserve cash as it actively seeks other business opportunities in favorable jurisdictions that have the ability to add value to the Company.

In the Current Year, the Company incurred professional fees of $154,662 compared to $31,067 in the Comparative Year, which is the result of the Company incurring additional legal fees in the Current Year relating to the Transaction.

In the Current Year, the Company incurred rent of $26,945 compared to $51,357 in the Comparative Year, which is the result of the Company moving offices in January 2015.

In the Current Year, the Company incurred travel and expenses of $29,717 compared to $20,942 in the Comparative Year, which is the result of the Company increasing travel in the Current Year as part of the Company's due diligence relating to the Transaction.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information from the Company's unaudited financial statements for the last eight quarters.

Quarter Ended	Revenue	Net Loss	Loss Per Common Share	Loss Per Common Diluted Share
31-Dec-15	$0.00	$167,947	$0.00	$0.00
30-Sept-15	$0.00	$ 211,376	$0.01	$0.01
30-Jun-15	$0.00	$ 87,986	$0.00	$0.00
31-Mar-15	$0.00	$ 87,640	$0.00	$0.00
31-Dec-14	$0.00	$ 71,562	$0.00	$0.00
30-Sep-14	$0.00	$115,512	$0.00	$0.00
30-Jun-14	$0.00	$118,208	$0.00	$0.00
31-Mar-14	$0.00	$121,554	$0.01	$0.01

There are no systematic identifiable factors that cause variations in the selected quarterly financial information.

FOURTH QUARTER 2015

Three months ended December 31, 2015, compared to the three months ended December 31, 2014

The Company recorded a net loss of $167,947 for the three months ended December 31, 2015 ("Current Period") ($0.00 loss per common share) compared to a net loss of $71,562 ($0.00 loss per common share) for the three months ended December 31, 2014 ("Comparative Period"), an increase of $96,385.

In the Current Period, the Company incurred professional fees of $79,033 compared to $6,394 in the Comparative Period, which is the result of the Company incurring additional legal fees in the Current Period relating to the Transaction.

In the Current Period, the Company incurred consulting fees of $74,389 compared to $48,093 in the Comparative Period, which is the result of the Company incurring additional consulting fees in the Current Period relating to the Transaction.

In the Current Period, the Company incurred rent of $4,467 compared to $11,133 in the Comparative Period, which is the result of the Company moving offices in January 2015.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The material components of general and administration expenses are:

	2015	2014
Directors Fees	$ 35,040	$ 53,200
Dues and subscriptions	2,712	3,268
Insurance	10,200	14,670
Office	12,023	9,444
Telephone & IT	19,334	20,095
Salaries	-	17,679
	$ 79,309	$ 118,356

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, the Company had cash and cash equivalents of $7,601,335 compared to a cash and cash equivalents of $8,046,537 at December 31, 2014, a decrease of $445,202. Working capital at December 31, 2015 was $7,558,212 compared to working capital of $8,041,072 at December 31, 2014, a decrease in working capital of $482,860.

The Company is in the exploration stage and its source of working capital to date has been solely from the sale of its common shares. The Company has sufficient funds to fund its future administrative costs and acquisition, exploration or development costs if it is able to find a suitable project. Depending on the type of project or business opportunity it acquires, the Company may need to raise additional working capital from the sale of additional common shares to meet its future cash flow requirements.

The Company’s financial liabilities, comprised of accounts payable, accrued liabilities, and amounts due to related parties, are all due on demand.

CONTRACTUAL OBLIGATIONS

None

OFF-BALANCE SHEET ARRANGEMENTS

None

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise separately disclosed in the Company's financial statements are:

(a) The Company paid $183,536 (2014 - $197,338) in consulting fees to private companies controlled by certain directors and officers of the Company.

(b) $2,400 in director fees were payable at December 31, 2015 (2014 – $2,800).

Key personnel compensation

	For the year ended December 31, 2015	For the year ended December 31, 2014
Consulting fees	$ 183,536	$ 197,338
Directors fees	35,040	53,200
Share-based compensation	61,051	27,757
	$ 279,627	$ 278,295

PROPOSED TRANSACTIONS

None

RISKS AND UNCERTAINTIES

The Company has not commenced commercial operations and has no assets other than cash and mineral property agreements under option. It has no history of earnings, and it is not expected to generate earnings or pay dividends in the foreseeable future.

Precious and Base Metal Price Fluctuations
The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the Price of Consumed Commodities
Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of exploration in our operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects.

Foreign Exchange Rate Fluctuations
Operations may be subject to foreign currency exchange fluctuations. The Company to-date has raised its funds through equity issuances which are priced in Canadian dollars. Most of the Company's current

expenditures are denominated in Canadian dollars. However, should this change, the Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks

Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the normal course of exploration activities.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write downs, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability of acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all.

Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, none of the Company's properties have any defined ore-bodies with proven reserves.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the mining industry. Since the downturn in the commodities market for precious and base metals the Company has been reviewing opportunities to acquire an interest in assets or a business outside of the mineral exploration sector. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers, or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding
The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties
The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest
The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Third Party Reliance
The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Assurance on Financial Statements
We prepare our financial reports in accordance with accounting policies and methods prescribed under IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to our audited annual financial statements for the year ended December 31, 2015. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and

transactions are properly recorded and reported, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

General Economic Conditions

The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Substantial Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Potential dilution of present and prospective shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

CRITICAL ACCOUNTING POLICIES AND MANAGEMENT ESTIMATES

The preparation of financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of amounts receivable and deferred tax assets, impairment of assets, measurement of share-based payments and valuation of reclamation obligations.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from property and equipment.

Mineral interests and other assets owned are recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the acquisition of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Although the Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

Exploration and evaluation expenditures, inclusive of exploration programs required under option agreements, net of incidental revenues, are charged to operations in the period incurred, until such time as it has been determined that a property has economically recoverable reserves and a decision to commence commercial production has occurred, in which case subsequent exploration expenditures and the costs incurred to develop a property are capitalized. Exploration and evaluation expenditures include value-added taxes and presumptive income taxes incurred in foreign jurisdictions when recoverability of these taxes is uncertain.

From time to time, the Company grants common share purchase options to directors, officers, employees and non-employees. The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

FUTURE ACCOUNTING STANDARDS

Accounting standards not yet adopted

The following is a summary of new standards, amendments and interpretations that have been issued but not yet adopted. The Company is currently evaluating the impact that these changes will have on its financial statements; however, the impact, if any, is not expected to be significant.

IFRS 9 *Financial Instruments* ("IFRS 9"): This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective implementation date of IFRS 9 is January 1, 2018. The Company is currently evaluating the impact on the financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") – amendments: The amendments to IFRS 11 provide guidance on the accounting for acquisition of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combination accounting in *IFRS 3, Business Combinations* and other IFRS standards except where those principles conflict with IFRS 11. These amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 1 *Presentation of Financial Statements* ("IAS 1") – amendments: The amendments in IAS 1 enhance financial statement disclosures and presentation. These amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 16 *Property, Plant and Equipment* ("IAS 16"): The amendment to IAS 16 provides clarification of acceptable methods of depreciation and amortization. These amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 38 *Intangible Assets* ("IAS 38") – amendments: The amendment to IAS 38 provides clarification of acceptable methods of depreciation and amortization. These amendments are effective for annual periods beginning on or after January 1, 2016.

FINANCIAL INSTRUMENTS

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Amounts receivable consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

As at December 31, 2015, the Company estimates that a 1% change in prevailing interest rates would change the fair value of future cash flows from the Company's financial instruments by approximately $1,000 (2014 - $1,000).

DISCLOSURE OF OUTSTANDING SHARE DATA

As at March 21, 2016, the Company had the following common shares and stock options outstanding:

Common shares	43,458,911
Share purchase options	2,085,000
Total Common Shares fully diluted	45,543,911