# AURVISTA GOLD CORPORATION

(An Exploration Company)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended

December 31, 2015 and 2014

(Year-end and Fourth Quarter, 2015)

This management's discussion and analysis ("MD&A") of Aurvista Gold Corporation, ("Aurvista" or the "Company"), follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Aurvista, on how the Company performed during the three and twelve months ended December 31, 2015 and the comparable three and twelve months ended December 31, 2014 and a review of the Company's financial condition as at December 31, 2015.

This MD&A complements the audited financial statements for the years ended December 31, 2015 and 2014. The MD&A helps the reader understand and assess the significant trends, and the risks and uncertainties related to the results of operations. The MD&A should be read in conjunction with the more fulsome disclosures of the audited financial statements with its accompanying audit report and notes to the financial statements for the years ended December 31, 2015 and 2014.

The audited financial statements for the years ended December 31, 2015 and 2014 have been prepared in accordance with IAS 1, Presentation of Financial Statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com . The shares of Aurvista are listed on the TSX Venture Exchange under the symbol "AVA" and on the OTC BB in the US under the symbol "ARVSF".

This MD&A was prepared with the information available as at April 27, 2016.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

**This document is required by securities legislation to contain and does contain forward-looking statements, opinions about future events and comments regarding risks and opportunities, which reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historic, the statements are essentially forward-looking and are often identified by words such as, but not limited to, "anticipate", "expect", "estimate", "intend", "project", "plan" "might", "could" and "believe". In the interest of providing shareholders and potential investors with information regarding Aurvista, including management's assessment of future plans and future operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, imprecision in the Company's Preliminary Economic Assessment, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks.**

**Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were**

**made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.**

## Approval of financial statements

On April 27, 2016, the Board of Directors, on the recommendation of the audit committee, approved Aurvista's audited Financial Statements for the years ended December 31, 2015 and 2014 and this MD&A.

## Nature of activities

Aurvista Gold Corporation ("Aurvista") was incorporated on June 3, 2010, under the *Ontario Business Corporations Act*. On June 22, 2011, the Company was continued under the *Canada Business Corporations Act* by articles of continuance. Aurvista is involved in the acquisition, exploration and development of mining properties in Canada.

Aurvista's only asset is the Douay Gold Project ("Douay"), consisting of a 100% owned interest in 250 contiguous claims totaling 13,310 hectares or 133.1 sq. km. plus a 90% interest in 5 contiguous claims totaling 23 hectares or 0.2 sq. km. plus a 75% interest in 32 contiguous claims totaling 1,194 hectares or 11.9 sq. km. in total 287 claims totaling 14,527 hectares or 145.3 sq. km. located along a 20 km segment of the Casa Berardi Deformation Zone in the prolific Abitibi Greenstone Belt of northern Quebec.

Richard J. ("Rick") Adams, an experienced Chief Executive Officer with extensive exploration and mine production experience, lead the Company from January 2012 until the third quarter of 2014. Mr. Adams tendered his resignation as President and CEO of the Company effective August 29, 2014, in order to accept a position with the mining group of a major investment bank. Mr. Adams continued in his role as Chairman and as a director for a short time after August 29, 2014, in order to assist Aurvista with the transition to a new President and CEO. On November 14, 2014, Mr. Adams resigned as a Director and as Chairman.

On October 30, 2014, the Board of Directors of the Company announced the appointment of Mr. Jean Lafleur, M.Sc., and P.Geo, as President and CEO, and Director.

On November 30, 2014, Gerald P. McCarvill was appointed Chairman of the Company.

The Company uses advanced exploration techniques with the aim of discovering commercially mineable gold deposits that could be brought into production by Aurvista or sold to major companies, in whole or in part, at fair market value. The Company will also be aggressively seeking new opportunities in compliance with the corporate strategy.

## Management

Rick Adams was Chairman, President and Chief Executive Officer of Aurvista from January 2012 until the third quarter of 2014.

Jean Lafleur, was appointed as President and CEO on October 30, 2014, and is a Professional Geologist with 30 plus years of experience in various capacities within the mineral exploration industry, including company, project and property evaluations and audits, project planning and execution, supervision and management, and resource estimations. He received his B. Sc. and M. Sc. degrees in Geology from the University of Ottawa, and has been active in mineral exploration, both in Canada and internationally (Africa, Mexico and Ecuador), with a wide range of industry-leading companies, such as Newmont, Falconbridge and Placer Dome.

From 1998 to 2003, Mr. Lafleur worked with McWatters Mining Inc., a Quebec-based junior exploration and mining company, and was instrumental in the discovery of new ore reserves for the company's gold projects in the Val-d'Or and Malartic Mining camps, including developing the bulk gold exploration program at the Canadian Malartic Gold Property for McWatters, which later became the 11.1 million ounce Canadian-Malartic Deposit for Osisko Mining. The Canadian Malartic gold Property hosts geological and mineralization similarities to Aurvista's Douay Gold Project. Previously Mr. Lafleur held the position of VP Exploration for Aurvista from January 2012 to April 2014. Mr. Lafleur orchestrated the exploration drive to advance the bulk gold potential of the Douay Gold Project.

Mr. Lafleur has been instrumental in leading exploration teams to discovery and development, including bulk gold deposits in Nova Scotia, and the Quebec and Ontario segments of the Abitibi Belt (Timmins, Malartic and Val-d'Or). As a senior geologist, Director and executive of several junior mineral exploration companies since 2003, Mr. Lafleur has been a leading figure in early and late stage junior exploration companies. Mr. Lafleur has contributed to the advancement of these companies through marketing and financing as well as actively overseeing gold deposits from early to late exploration stages. He is a Professionnal Geologist with *l'Ordre des Géologues du Québec* ("OGQ") and is a Qualified Person under National Instrument ("NI") 43-101 regulations.

Bryan Keeler is CFO in addition to his role as Director of the Company. Mr. Keeler has served in numerous operating and finance roles mostly at the CFO and Board level in the mining industry for over 25 years. Mr. Keeler received his B.Comm from the University of Toronto and articled as a Chartered Accountant with Clarkson Gordon & Co. Mr. Keeler worked for Westar Timber, Noranda Forest, Denison Mines and then with Gerald McCarvill in building Repadre Capital, McCarvill Corporation and Norvista Resources.

Chris Sharpe was Vice President, Engineering. Mr. Sharpe is a mining engineer registered in the Province of Ontario with over ten years of experience in the mineral industry. Mr. Sharpe tendered his resignation as Vice President, Engineering of the Company effective February 18, 2014, in order to accept a position with a major international gold mining group.

## Performance in the Comparable Periods

## Stock Performance

The Company raised, in late 2012 and early 2013, $1.5 million in units at $0.25 per unit, through private placement. Each unit consisted of one common share and ½ share purchase warrant, each whole warrant entitling the purchaser to acquire a further common share at $0.40 per share.

On April 22, 2013 the Company settled the promissory note and accrued interest thereon payable to Norvista Resources Corporation ("Norvista") through the issuance of 3,928,274 common shares at a fair market price of $0.23 per share.

Since that time, markets have declined sharply, and the Company seeing the negative market conditions decided in 2013 to withdraw discretionary expenditures including those in support of marketing the Company and its shares as not being productive at that time. Share prices declined and have remained in the $0.03 to $0.085 range with minimal trading of its shares. The share price hit a low of $0.025 late in the fourth quarter of 2014 and again in the third quarter of 2015 and hit a high in the two year period of $0.105 on November 18, 2014. Prices offered are such that major dilution would take place if any financing was accepted.

As detailed below, under operating performance, the Company re-examined its publicly stated primary focus towards low-grade bulk mining and took steps to evaluate scenerios of higher grade production from the Douay West Zone and later adding the Adams-Porphyry Zone to the conceptual production plan in combination with potentially creating a Toll Milling or similar agreement (as detailed under Operating Performance below). The Company believes that a Toll Milling production arrangement may be seen as a positive step in possibly restoring per share values. Aurvista will continue its searches for both an equity raise and a limited production Joint Venture financing as the markets strengthen.

Company efforts to raise an equity financing were unsuccessful in 2014 and again in 2015. The Company in 2015 redirected its efforts into selling a percentage interest in the upside of the Douay West Gold Project instead of continuing to search for equity financing. The weak markets were emphatically not interested in financing a project start-up, at that time, no matter how lucrative. Cash is now extremely tight and hence realistically, all offers are being considered.

## Operating Performance

The Company's Head Office is in Montreal near the centre of the Quebec Government mines administration with the business office located in Toronto at the centre of the world's largest, if totally distressed, capital market for small to medium sized exploration companies.

In early 2013 Aurvista management re-examined the bigger picture fundamentals of lower grade bulk mining at Douay and concluded that at gold prices in the current upper range of $US 1,200 per ounce, lower grade bulk mining was producing financial results that could potentially be insufficient for Aurvista to justify the significant capital cost requirements of building a low-grade bulk mining facility. Accordingly management changed its primary short-term focus towards higher gold grades and a short-term production potential. Aurvista believes lower grade bulk mining will always remain as a long-term opportunity but is not currently the Company's primary focus.

In support of a shorter term production model, in the second half of 2013, the Company engaged a mine engineering firm, to conceptualize the development of a relatively well defined higher grade zone at the Douay West Zone ("Douay West"). The engineering study is to be used as an integral piece of the ongoing planning and development of the Douay West Zone and towards the Feasibility study. The Preliminary Economic Assessment was completed late in the quarter and was filed on SEDAR early in the first quarter of 2015. Subsequent to releasing the Preliminary Economic Assessment the Company concluded that since the Douay West and

Adams-Porphyry zones were part of the same subsidiary fault, part of the Casa Berardi Deformation Zone, the Adams-Porphyry zone was added to the Douay West Gold Project plan potentially yielding production in excess of 35,000 ozs per annum for in excess of 10 years. A revised mining plan and revised Preliminary Economic Assessment will be required. To date, both the market generally and an array of private equity and private debt funds have definitively told the Company that in the current market they are not interested in funding the Douay West Project Feasibility Studies at this time.

Jean Lafleur identified Douay, as well as the Canadian-Malartic property as having lower grade bulk gold potential as early as 2003. Mr. Lafleur believes the greatest potential at Douay remains fundamentally unexplored and untested. The current area of focus extends approximately 5 km in the central portion of Douay with a further 10 km extending along the Casa Berardi Deformation Zone to the limit of Aurvista's claims to the northwest. A further 5 km exists on the Casa Berardi Deformation Zone to the limit of Aurvista's claims to the southeast making a total northwest to southeast strike length distance of 20 km. Twenty kilometers is the same distance as between the Val-d'Or and Malartic Mining Camps (combined past production and current reserves-resources in excess of 40 million ounces of gold) and is located in the same Abitibi Gold Belt some 155 km further to the south of Douay. Accordingly Aurvista is planning a basic exploration program to cover the entire limit of the claims to the northwest. The full detail of the plan is contained under the Exploration Activities.

Until market views change with respect to financing the feasibility study and the development of limited production, the best route remaining for the Company is this grassroots fundamental exploration, building reserves until the market changes. In order to maximize the position on behalf of our shareholders that is what we a going to do. In order to do that the Company needs to issue equity.

On April 16, 2014, Yamana Gold Inc. and Agnico Eagle Mines Limited announced a C$3.9 billion acquisition of 100% of Osisko Mining Corporation, based on the multi-million ounces lower grade bulk gold operation at the Canadian-Malartic Deposit. Aurvista concluded from the announcement that our longer term bulk gold focus may be stronger than we had anticipated. This transaction which closed in June 2014 is an endorsement by two well respected major gold producers that bulk mining in the Abitibi Gold Belt is economically viable. The market reaction was mixed. Yamana Gold Inc. was trading at $9.60 when the deal was announced, hit $2.00 per share in late October and again in January 2016 but is now trading just above $4.00. Agnico Eagle Mines Limited was trading at $34.23 when the deal was announced, and is now trading just below $48.

No matter how one interprets these results the impact is clearly positive for Aurvista. The events could very well demonstrate longer term viability for the Douay Gold Project. What remains for the future is for Aurvista to demonstrate each of the economic variables and the extent of the economies of scale with the Douay bulk gold potential.

### Accounting Change

In anticipation of the 2015 year-end audit the Company prepared its annual valuation and going-concern tests which are done on two levels. The first level is a test on carrying value of Mining Properties plus Exploration and Evaluation Assets, which ensures that the accounting balance sheet carrying amounts for each asset is below its expected realizable values. The negative results of this test are seen often in the financial press. As a first step the Company utilizes recent NI 43-101 standard reports as the basis of such test adjusted only for current gold prices and differences between geological and accounting bases. Realizable value at December 31, 2015 exceeded the carrying value on exactly the same basis employed in prior years. Due to the strengthening of gold prices expressed in Canadian dollars the excess of realizable value had actually increased versus the excess as at December 31, 2014. As an additional step management adds reasonable assumptions of possible reserve additions to the NI 43-101 reports and recalculates realizable value. In this case realizable value significantly exceeds the carrying value.

The second level of testing relates to Company liquidity and finances further to the Going Concern basis of accounting. These tests indicated the following as a result of an inability of the Company to obtain financing in 2014 and 2015:

- There was a deficit of working capital at December 31, 2015. A deficit of working capital is an excess of current liabilities over current assets. There had been a slightly positive working capital as at September 30, 2015.
- A forecast of sources and uses of cash for 2016 indicated that the Company had sufficient cash only into the third quarter of 2016 not for the full year as required by the Going Concern definition and such cash sufficiency made assumptions of co-operative creditors and unpaid employees and a separate financing of CRA amounts due.
- Without closing a financing there was no certainty that exploration and evaluation work programs would be sufficient to maintain control over mining claims.
- Continuing accounting losses and;
- On the surface a continuing weakness in capital markets.

All of the above noted issues would be resolved if management was able to raise financing in the short to medium term. Managements believes that it can close such a financing.

The net result was that although Mining Properties and Exploration Assets passed the economic requirements, an Impairment Provision was required as a result of potential problems with Liquidity and Going Concern issues. Accounting rules do not allow the assumption that financing can be raised. The Audit Committee was concerned that the impairment would, despite explanations, be misunderstood in the market as an economic failure, which was clearly not the case. The decision was made to avoid the threat of this misunderstanding by changing the accounting principles retroactively to expense all property costs as incurred. This policy, which is used as a basis of accounting and is a generally accepted accounting principle in the Junior Exploration industry, would allow explicit commentary on the extent of the excess realizable value based on year-end gold prices as opposed to the current system where such sufficiency is implied/implicit.

The Board of Directors supported the view of the Audit Committee and a change of accounting principles was retroactively applied. The Auditors have noted the change in their audit report. The details, including changes to each line item for each statement in the financial statements, have been fully detailed under Change in Accounting Policy in Note 3 to the Financial Statements for the years ended December 31 2015 and 2014.

## Financial Performance

Aurvista recorded a Net Profit (Loss) in the three months ended December 31, 2015 of ($140,433) compared with ($724,087) in the fourth quarter of 2014. On a per share basis this equates to a loss of ($0.002) in the fourth quarter of 2015 compared to ($0.010) in the fourth quarter of 2014. On a year to date basis the Company recorded a Net Profit (Loss) for the twelve months ended December 31, 2015 of ($1,028,827) compared to a Loss of ($647,295) in the comparable period of 2014. The Exploration and Evaluation budgets have been virtually eliminated in 2015 because of diminished cash and an inability to raise financings in 2014 and 2015. Please see the detailed comparisons below under Selected Quarterly Information.

Spending on Exploration and Evaluation was $52,026 in the fourth quarter of 2015 compared to spending of $531,806 in the same period in 2014. Spending in the fourth quarter of 2014 was on the Preliminary Economic Assessment, which was filed early in 2015, and on preliminary expenses associated with the 2015 start of the Generative Exploration Program. On an annual basis, which is net of any accrual of Quebec Exploration Tax Credits due, spending was $460,557 in 2015 compared to $172,038 in 2014. Spending on Exploration and Evaluation cost continued from the fourth quarter of 2014 into the first quarter of 2015 before they were shut down. See the notes in Exploration Activities below. See notes on cost allocations under General and Administrative Costs below.

General and Administrative Costs were $165,657 in the fourth quarter of 2015, compared to $197,497 in the comparable period a year earlier. General and Administrative Costs were $540,003 in the twelve months of 2015, compared to $550,673 in the same period of 2014. Operating costs were reduced in 2015 in all significant categories except for Salaries and Management Consulting fees in which case the cost is one-half paid and one-half accrued. Further, the allocation of cost between related companies and inside Aurvista between capitalized project costs and expense resulted in more costs absorbed by Aurvista General and Administration in 2015 compared to the previous methodology.

Interest Expense increased from $4,145 in the twelve months ended December 31, 2014 to $32,046 in the same period of 2015 as the Company factored its Quebec Exploration Tax Credit refund in order to ensure that the Company did not run out of cash at or near the audit date. Factoring fees and interest rates are expensive.

The Deferred Income Tax Recovery was $58,663 in the twelve months ended December 31, 2014 and $nil in 2015. The recovery in 2014 was based on the expiry of warrants and the elimination of the accounting value thereto. An expiry of warrants took place in Q1 of 2015 but there was no book value to amortize.

As at December 31, 2015, the Company’s cash had significantly diminished with $257,735 in cash and equivalents compared to $1,001,593 as at December 31, 2014. The cash burn rate commencing May 2015 was significantly reduced until such time as the closing of a financing. Please refer to further important comments under Liquidity and Capital Resources.

In summary, the weakening of capital markets in 2012, 2013, 2014 and 2015 have been very difficult, but despite the financing challenge, the Company has made progress in developing the Douay Gold Project. The Company believes that the Douay Gold Project still represents one of the largest undeveloped gold deposits in Quebec and eastern Canada. Higher grade gold zones could potentially feed the need for self-funded cash flow while the lower grade zones represent the bulk mining potential and the prospective but largely unexplored area known as “the Pull-apart” Zone, plus the potential of the area to the Northwest of the Douay West Zone, as well as the Copper Zone, a 6 km by 1 km corridor just south of the Douay West and Adams Porphyry Zones, could sit as a costless option against higher metal prices.

## Exploration Activities

The technical data that follows has been verified by Jean Lafleur, M. Sc., P. Geo., and Qualified Person as defined under *National Instrument 43-101 – Standards of Disclosure for Mineral Projects*.

## The Douay Gold Project

Aurvista's only asset is the Douay Gold Project ("Douay" or the "Project"), consisting of a 100% owned interest in 250 contiguous claims totaling 13,310 hectares or 133.1 sq. km. plus a 90% interest in 5 contiguous claims totaling 23 hectares or 0.2 sq. km. plus a 75% interest in 32 contiguous claims totaling 1,194 hectares or 11.9 sq. km. in total 287 claims totaling 14,527 hectares or 145.3 sq. km. located along a 20 km segment of the Casa Berardi Deformation Zone ("CBDZ") in the prolific Abitibi Greenstone Belt of northern Quebec. The 32 joint venture claims occupy the central northern portion of Douay. Such ownership is subject to Aurvista completing a further $175,000 of approved work with no time limitation on this work.

Douay is located approximately 40 km southwest of Matagami and 110 km north of Amos, Quebec. It is accessible by paved Provincial Highway #109, which is the major north-south regional road linking the towns of Amos (Val-d'Or) and Matagami (James Bay). Access to the Project is via the public road network that extends to the Douay West Zone. This network could be used to haul mineralized material off-site to nearby toll processing facilities. Utilities are available on site including hydro-electricity provided directly from Hydro-Quebec's power grid to the Company's on-site substation.

Gold mines of the Abitibi Greenstone Belt have already produced 200 million ounces of gold (6,000 tonnes of gold) since the early 1900's. The more recently developed gold mines include Yamana's and Agnico-Eagle's Malartic Gold Mine estimated at 11.1 million ounces of reserves, is located 155 km south of the Project, and Detour Gold's Detour Lake Gold Mine with an estimated 15 million ounces of gold in reserves is located 120 km northwest of the Project. Hecla's Casa Berardi Mine (4 million ounces of combined production, reserves and resources) sits on the same CBDZ as Douay, 70 km to the northwest of Douay.

In August, 2012, independent consultant Cliff Duke, P. Eng., of Riverbend Geological Services, completed a NI 43-101 technical report on Mineral Resources estimates for Douay. The Mineral Resources were estimated in accordance with the definitions contained in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards on mineral resources, and reserves definitions and guidelines that were prepared by the CIM standing committee on reserve definitions and adopted by the CIM council on Nov. 27, 2010. The technical report was filed under the company's profile on SEDAR on August 10, 2012. The updated Mineral Resources estimates include all drilling completed to the end of March 2012, and comprised results from 657 holes in more than 185,000 metres drilled on Douay since its discovery.

Riverbend estimated that 8 gold zones on Douay contained 2.7 million tonnes of Indicated Resources at 2.76 g/t gold for 238,000 ounces above a 0.3 g/t gold cut-off grade. There were additional Inferred Resources of 115 Mt at 0.75 g/t gold for 2.75 million ounces above a 0.3 g/t gold cutoff grade. The bulk of the lower grade gold mineralization is contained in the Main Porphyry Zone. Whereas at the 3 g/t gold cut-off, Douay contained an estimated 855,000 tonnes at 5.82 g/t gold of Indicated Resources for 160,000 ounces, and additional 1,317,000 tonnes at 10.55 g/t gold for 446,700 ounces, really demonstrating once and for all the presence of both higher grade and lower gold zones at Douay, unlike the other bulk gold deposits in the

Abitibi Greenstone Belt, such as Dome, Canadian-Malartic and Detour Lake which have to deal with lower grade gold closer to 1 g/t gold since all the higher grade gold zones were historically mined out via underground mining. There has never been any underground mining at Douay.

### The Douay West Gold Project

A preliminary geotechnical review of past drilling, sampling, and laboratory testing was completed during 2014 by a third party geotechnical consultancy. The submitted report provided preliminary overburden slope angles that allowed management to complete an internal study on the possibility of mining a portion of the Douay West zone by open pit mining methods. While preliminary, the study indicates that continued steps should be taken to determine the feasibility of mining a portion of the Douay West zone by open pit methods. These steps include an infill drilling program which has now commenced and is focused on the perimeter of the open pit scenario, geotechnical drilling programs that will focus on both the overburden (namely clay) and underlying rock units, and a hydrogeological study.

In 2013, P&E Mining Consultants Inc. expressed its opinion on preliminary concepts of underground mining which could commence subsequent to the conclusion of pit operations. Such underground operations could potentially start from the pit floor. Further to the Douay West zone production concept, an Environmental Baseline Study (the "EBS") was completed during the quarter on a 4 $km^2$ area that encompases Douay West. The EBS presents the environmental conditions related to the existing physical, biological, and chemical environments.

Results, in addition to being required for environmental permits, provide valuable input to both current and future engineering work as it will better enable the project team to reduce any potential impacts to the environment during the mine design process. The EBS represents a milestone for the advancement of Douay West through the environmental permitting process.

At the same time the Company undertook a study to determine whether an optical sorting system could function effectively on the Douay West mineralization for an on-site pre-concentration. The study used four potential sorting solutions that included Visible Spectrum, Dual Energy X-Ray Transmission, Near Infrared Spectroscopy and Electromagnetic/Conductivity**.** Unfortunately, the results indicated that Douay West is not amenable to any of the forms of optical pre-concentration.

The Company also completed the first phase of a three phase definition diamond drill program on Douay West. The first phase of the drill campaign tested the northwest and southeast extensions of the near surface mineralization in an attempt to further define a trend which could be linked to a second zone at shallow depth. The second and third phases of the drilling program will be infill-focused in order to facilitate a conversion of mineralization at depth from the Inferred to the Indicated Mineral Resources class. Phase 1 comprised 14 holes totaling 1,602 metres of diamond drilling. The 3,900 metres second and third phases are anticipated later in 2016, subject to financing. As part of the Phase 1 drilling the Company conducted geotechnical and hydrogeological investigations on both the overburden and rock units at Douay West. In addition to this work the Company has also initiated a geochemistry study. These studies are intended to help the Company better evaluate the merits of an open pit mining scenario against other alternatives. Additional study work for the further evaluation of a potential underground mining operation would likely be completed during phases 2 and 3 drilling.

Based on the core drilling and assay results, the upper lens at Douay West is now seen to extend from 75 to 175 metres in length between elevations of 15 to 175 metres below ground level. The most significant assay intervals are from the holes drilled to the immediate northwest of the known mineralization. Drilling covered a 200 meter horizontal interval of the upper lens with 3 drill holes without any significant assay intervals (above 1 g/t gold) to the southeast of the lens. On the northwest side of the lens 11 holes were drilled with 7 holes having assay intervals above 1 g/t gold. The most significant assay intervals (above 1 g/t gold) were obtained from the northwest segment of the upper lens, from:

1. DO-14-141: 4.23 g/t gold over 13.9 metres from 20.1 to 34.0 metres (core length), including 25.21 g/t gold over 2.0 metres from 25.0 to 27.0 metres (core length), located 15 metres northwest of the upper lens and 20 metres from surface.

2. DO-14-144: 9.27 g/t gold over 3.7 metres from 23.3 to 27.0 metres (core length), located 100 metres northwest of the upper lens and 30 metres from surface.

3. DO-14-145: 3.89 g/t gold over 30.5 metres from 27.5 to 58.0 metres (core length), including 16.99 g/t gold over 5.0 metres from 49.0 to 54.0 metres (core length), located 80 metres northwest of the upper lens and 40 metres from surface.

In early December 2014, the Company issued results from the Preliminary Economic Assessment (the "PEA") of Douay West. The PEA was completed by Eugene Puritch, P. Eng., and Kirk Rodgers, P. Eng., of P&E Mining Consultants Inc. ("P&E") of Brampton (Ontario). P&E's National Instrument 43-101 Technical Report was subsequently filed under the Aurvista filings on SEDAR at www.sedar.com. The PEA only considers Douay West and does not include any of the other known zones that comprises Douay. The Company intends to advance these additional zones sequentially using a scalable approach that is consistent with the Company's longer term strategy.

The PEA considered both open pit and underground production options for the advancement of Douay West. The study economics show a pre-tax Net Present Value ("NPV") of C$ 25.0 million at a discount rate of 5% and post-tax NPV at a discount rate of 5% of C$ 16.6 million using an approximate two-year average gold price of US$1,350 per ounce and an exchange rate of 1.00 $C=0.95 US$, C$1,420. Current rates are closer to US$1225 per ounce and an exchange rate of 1.00 $C=0.78 US$, C$ 1,570. The pre-tax internal rate of return ("IRR") for the project is 55%. The initial preproduction expenditure is estimated at $12.2 million to achieve first production from the open pit. The project life is 3.7 years, after approximately one-year of open pit pre-stripping. The Life of Mine ("LOM") cash operating cost is C$ 800 per ounce of gold, and the LOM all-in sustaining cost is C$ 1,195 per ounce of gold, with a 3.2 year pay-back period from the start of development. The Company sees this PEA as a good starting point upon which to build more ounces and a longer mine life.

The Project is considered viable with the current Mineral Resource estimates of 2,558,000 tonnes at an average grade of 2.77 g/t gold for 228,000 ounces of Indicated Mineral Resources and additional Inferred Mineral Resources of 1,413,000 tonnes at an average grade of 1.65 g/t gold for 75,000 ounces, based on a cut-off grade of 0.30 g/t gold.

Aurvista, subject to financing, plans additional drilling to enhance the Project's economics. If this proposed drill campaign succeeds in increasing the size and quality of the compliant

Mineral Resources and subsequently the projects production profile, this could result in a higher Net Present Value and extend the mine life. The PEA has an accuracy of +/- 40%, which is considered industry standard for preliminary capital and operating cost estimates.

Douay West is situated just southeast of the existing shaft collar and head frame built in the early 2000's by a previous owner. The bedrock/overburden contact varies between 10 metres and 45 metres below surface. The mineralization dips at approximately 60° to 85° to the south and varies from approximately 15 metres to 30 metres in true width. The current study did not take into account the Phase 1 definition drilling results which showed the near surface gold mineralization extending a further 100 metres to the northwest. The proposed mining scenario would start by open pit followed by underground mining. The PEA proposes a conventional truck and shovel open pit, followed by ramp access, and long-hole open stoping in the underground mine. The access decline will be developed in the footwall of the mineralization to access sublevels at a vertical spacing of approximately 25 metres. Since the LOM currently being contemplated is relatively short, the mining operation would be conducted on a contractor basis.

The mine plan is to extract the upper portions of the Mineral Resources (the top 100 metres) using open pit mining methods. While the open-pit is producing, an underground portal will be established on the pit wall and an underground ramp will be extended below the proposed crown pillar. Underground mining will progress in a top-down fashion with major sublevels every 25 metres defining groups of stopes.

The PEA schedule assumes mining of 419,000 tonnes of mineralized material in the open pit at an average grade of 3.16 g/t gold (at a cut-off of 1.17 g/t gold). The average dilution factor applied is 16.3% at a diluting grade of 0.32 g/t gold. Mining recovery has been estimated at 97%. The underground operation will mine 133,000 mineralized development tonnes at a grade of 4.57 g/t gold and 608,000 stoping tonnes at a grade of 4.83 g/t gold (at a cut-off grade off 3.25 g/t gold). The average planned dilution factor applied is 14.5% at a diluting grade of 1.82 g/t gold. Unplanned dilution has been estimated by adding an additional 5% at zero grade gold to mineralization after planned dilution. A mining recovery of 85% has been assumed.

The PEA has relied on limited metallurgical test work conducted by *Laboratoire LTM Inc.* in 2005. The body of the report is contained in a *Systèmes Geostat International Inc.* ("SGI") document. SGI commissioned the work to confirm amenability to cyanidation and to assess the effect of grind on extraction. While the results could not be verified, the test work was conducted on a sample composited from 30 individual assay reject samples that returned an average calculated head of 4.87 g/t gold. Cyanidation tests conducted on material ground to seven different size distributions ranging from 75% -200 mesh to 99% -400 mesh returned extractions ranging from 90% to 95%, indicating a minor effect of grind on extraction. The laboratory estimated an extraction of 93% based on a grind of 95% -200 mesh. On this basis, the PEA considered a recovery of 92% for both open pit and underground feed.

Due to the current size of the Mineral Resources it is expected that mineralization from the Douay West would be processed at a nearby external facility. Based on the limited available test work, the contracted mill would be a direct cyanidation plant as opposed to a flotation or flotation-cyanidation mill. A conventional CIP or CIL process would be suitable.

The project is robust, although sensitive to the price of gold. The following sensitivities to gold price for pre and post-tax undiscounted cash flow are presented in the table below.

| Gold Price in US$/oz (1 C$ = 0.95 US$ | Undiscounted Pre-Tax Cash Flow (C$ millions) | Undiscounted Post-Tax Cash Flow (C$ millions) |
|---|---|---|
| 1,620 (C$ 1,705) | 73.3 | 46.6 |
| 1,553 (C$ 1,635) | 63.1 | 40.6 |
| 1,485 (C$ 1,565) | 52.9 | 34.5 |
| 1,418 (C$ 1,490) | 42.7 | 28.5 |
| **1,350 (C$ 1,420)** | **32.5** | **22.3** |
| 1,283 (C$ 1,350) | 22.3 | 16.2 |
| 1,215 (C$ 1,280) | 12.0 | 10.0 |
| 1,148 (C$ 1,210) | 1.90 | 3.5 |
| 1,080 (C$ 1,135) | -8.4 | -4.0 |

Proposed initial capital expenditures will be minimal due to the decision to seek a toll milling arrangement, the existence of facilities on site, and the use of contractors in the mine operation. It is estimated that the LOM capital requirement are C$ 56.8 million. The table below presents the major capital items during the LOM (excluding the open pit pre-stripping operation which is treated as operating expenses).

| LOM Capital Expenditures (C$ million) | |
|---|---|
| Infrastructure Refurbishment | 1.0 |
| Underground Development,Initial Stoping | 50.1 |
| Sustaining Capital | 0.7 |
| Closure | 5.0 |
| **Total Capital Expenditures** | 56.8 |

The proposed mine plan for both the open pit and underground scenarios use a production rate of 900 tonnes per day of mineralized material. Based on this assumption, the following tables highlight the major key performance indicators.

| Operating Parametres | |
|---|---|
| Average Production Rate | 900 tpd |
| Average Gold Recoveries | 92% |
| Overburden Stripping | C$ 4.35 / tonne |
| Open Pit Mining Cost | C$ 4.25 / tonne |
| Underground Stope Mining Cost | C$ 65 / tonne |
| Mineral Haulage to Toll Mill | C$ 7.00 / tonne |
| Crushing | C$ 3.50 / tonne |
| Toll Milling | C$ 30.00 / tonne |
| G & A Cost | Variable based on Project Phase |
| **Life Of Mine Costs** | |
| Cash Operating Costs | C$ 800 / ounce |
| All-in Sustaining Cost | C$ 1,195 / ounce |

The PEA is intended to provide an initial conceptual review of Douay West. The PEA mine plan and economic model include the use of Inferred Mineral Resources which are considered speculative geologically to have any economic considerations applied to them that would enable them to be categorized as Mineral Reserves and there is no certainty that the PEA will be realized.

### The Douay Generative Program

During Q4-2014, the Company initiated a property wide 2-D and 3-D geophysical interpretation program to review all the previously identified the Douay potential targets. This work continues now within a more comprehensive Generative Program incorporating into one dataset all of the current and historical geophysical, geological, geochemical and historical exploration and government work at Douay and the immediate area. This program is under the guidance of independent geophysical and geological consultant Yvan Bussières, P. Eng., of St-Eustache (Quebec), with Denis Chénard, P. Eng., Aurvista's Senior Project Consultant. The Generative Program is helping refine the original 25 exploration targets outlined in 2014 into 5 higher priority gold and base metal sites for follow up field work during the 2016 summer exploration season.

The results will give management a strong visual tool to more fully assess the gold and base metal potential outside the known and well explored 5 km corridor and form an integral part in the design of our future exploration campaigns along the remaining 10 km to the northwest limit of Douay and the 5 km to the east-southeast limit of the claims.

A first series of results were outlined during the quarter from the interpretation of 2011 magnetic and historic electromagnetic-magnetic ("EM") INPUT™ airborne geophysical surveys, and included:

- Discovery of a number of sizeable EM INPUT™ anomalies associated with a mix of felsic and mafic volcanic rocks that could be associated with base metal mineralization, the largest of which spans a length of 4 km. There are a number of examples in the Abitibi Greenstone Belt of such bi-modal occurrences. See detailed examples below.

- The largest portion of the newly discovered targets is in an area some 6 km in length and 1 km wide and contains a cluster of EM INPUT™ anomalies and conductors. This cluster runs from the southern tip of the South Porphyry Zone eastwards to the limit of the Project.

- The discovery of these targets has resulted in Aurvista map-staking 27 contiguous claims to the southwest of the Project.

The original strategy behind the on-going geophysical and geological interpretation work was to assist in identifying additional targets with similar geophysical properties to those associated with already known gold mineralization on the Project. The Company now believes that the results show the potential for additional and significant gold and base metal mineralization. Examples of such bi-modal occurrences in the region include: (1) the Dome, McIntyre, Hollinger gold deposits of the Timmins Mining Camp with the copper-zinc mineralization of the Kidd Creek deposit; (2) the Doyon gold deposit along the Cadillac Break of the Rouyn-Noranda Mining Camp with the Bousquet gold-base metal deposit; and (3) the Sigma-Lamaque gold deposits of the Val-d'Or Mining Camp with the Louvicourt base metal deposit.

The bi-modal gold and base metal potential cannot be overlooked, since the Project is of camp-scale proportion extending in length for 20 km along the CBDZ, of which only 10 km has been reasonably investigated for gold only. There are numerous EM INPUT™ conductors outside of the known gold mineralization corridor. These EM INPUT™ conductors could potentially be linked to massive sulphides based on the geological-geophysical association.

The main conclusion of the interpretation to date is that there is a direct link between several multi-kilometric magnetic signatures, bedrock alterations, known gold mineralization and structural patterns. The distinct association is now termed the Douay-Style Mineralization (the "DSM"). The DSM has been well defined by historic and recent exploration work, although not necessarily recognized as such by the previous investigations since the 1970's.

The DSM comprises the following features:

(1) A 10 km long by 3 km wide southeast-tilted parallelogram-shaped block (at its longest and widest points) covering an area of 18 $km^2$ located in the centre of the Project and bounded in all directions by southeast-northwest and northeast-southwest splay faults of the east-west trending Casa Berardi Deformation Zone ("CBDZ").

(2) Mafic and felsic volcanics with related sediments and porphyry intrusives that are typical of the Abitibi Greenstone Belt gold camps. Some of the sediments appear as younger conglomerates of the Timiskaming-type (the Pull-Apart Zone). This is not uncommon as they are present in the Kirkland Lake and Timmins Gold Mining Camps in the western portion of the Abitibi Greenstone Belt.

(3) Schistose and foliated host rocks due to various degrees of shearing related to the CBDZ and its numerous faults or "horsetail faults".

(4) Highly altered host rocks containing anomalous amounts of secondary pyrite, barite, anhydrite, ankerite, fluorite, and micas and/or clay minerals.

(5) The geophysical responses are unique to the DSM in that they consist of chaotic, non-linear, and distorted bands of strong magnetic highs and complementary lows that result from the faulting, shearing, and alteration of the host rocks.

(6) All of the known higher and lower grade gold mineralization, such as the "Douay West", "10", "20", "531", "Central", "Main", "Northwest", "Adams", "Porphyry" and the "South Porphyry" zones.

(7) Of the zones noted above in (6), the gold mineralization including in the porphyry zones tend to occupy magnetic lows; and the DSM completely lacks EM INPUT™ anomalies or conductive horizons.

There are several significant targets, including those of the DSM-type, which remain completely untested outside of the currently discovered gold mineralization marked by the parallelogram-shaped block. The untested locations run along the remaining 15 kilometric-long area of the CBDZ that lies within the Project limits.

A number of the 25 newly identified targets in this interpretation are extensions of already known gold mineralization, however the Company still considers these viable targets as they could potentially contain higher grade gold veins and/or disseminated, and strictly disseminated, bulk gold mineralization, as well as possible Volcanogenic Massive Sulphide ("VMS"). There is one specific VMS target, 6 km long, running along the southeast boundary of the DMS, which contains a 1 km wide cluster of EM INPUT™ anomalies or conductors.

The geophysical interpretation shows that the 3 million ounces of gold in mineral resources outlined in the 2012 NI 43-101 technical report sits within a 5 $km^2$ segment of a 18 $km^2$ geophysical target area that remains largely untested for gold. This excludes the remaining untested 10 km trend of the Casa Berardi Deformation Zone, as well as the massive sulphide targets.

All of the superpit mineralization at the Dome, Canadian-Malartic and Detour Lake deposits, which are located in the AGB along with Douay, had extensive historic underground mining which extracted most of the higher grade gold veins and stockworks. Douay, on the other hand has never been mined and contains the higher grade gold lenses surrounded by lower grade gold mineralization in very similar geological environments to the superpit deposits. Douay lacks the extensive exploration at this time to substantiate a larger mineral resource. Aurvista's 20 km strike length includes the Casa Berardi Deformation Zone, a structure similar to the Porcupine-Destor and Larder Lake-Cadillac Deformation Zones, which hosts numerous gold deposits, such as the Dome, McIntyre and Hollinger mines in the historic triangle or the 25 km long Val-d'Or and Malartic gold deposit trend. Aurvista believes Douay represents one of the largest undeveloped gold mineralized systems in Quebec.

In October 2014, Aurvista signed a Letter of Collaboration ("LOC") with the Abitibiwinni First Nation of the Community of Pikogan ("AFC"), laying the ground work of a collaborative relationship in the development of Douay.

Aurvista continues to assess best scenarios to maximize economic viability and technical feasibility of the Douay West Zone deposit. In order to reduce the financial risk, the Company is evaluating the most profitable scenario by going over preliminary engineering and geotechnical steps of different mining development options including surface, underground and a combination of both. Currently, based on preliminary slope angles for the overburden, the Company is focusing on the engineering work required to assess an open pit option. Depending on results the underground engineering work would commence at a later date, following an open pit decision. A custom milling agreement will also have to be considered in this evaluation. These steps will be followed by the initiation of the permitting process as a prefeasibility study will be completed as per the mining lease requirement. A tentative timeframe of the different steps to production should be known during the next months.

The Company received final reports from the engineering work at Douay West. Aurvista retained Golder Associates Ltd. ("Golder") in August 2014 to complete an overburden and rock pit slope design for the Douay West open pit. The design was part of the Company's Pre-Feasibility Study using a planned open pit geometry extending 300 metres in the northwest-southeast direction and 250 metres in the northeast-southwest direction to a depth of about 100 metres with overall pit slope angles of 48°. Further results from Golder's underground stope design work, also part of the Pre-Feasibility Study, are expected.

The overall overburden slope angles proposed are in the 13° to 17° range, for the 5 metres to 40 metres thick overburden; whereas the rock slope angles are proposed with 20 metres high double benches and inter-ramp angles varying from 48° to 55°, with potential to steepen to 59° in some design sectors. The major recommendations going forward include additional drilling of the deeper overburden with laboratory soil classification and strength testing, installation of additional piezometers in the overburden to monitor groundwater conditions and carrying out pumping tests to assist with the design of the dewatering system.

In support of the engineering work and based on the PEA recommendation to complete a trade-off study that considers an underground only scenario versus an open pit and underground scenario, Aurvista plans, subject to financing, to complete an infill drilling campaign that would lead to an update of the Mineral Resources in 2016. This work would lead into the prescribed trade-off study setting the scope of work for a more comprehensive Pre-Feasibility Study.

The Porphyry Zone contains current Mineral Resources of 107 million tonnes grading 0.68 g/t (at a 0.3 g/t cut-off) or 29.4 million tonnes at 1.3 g/t (at a 0.7 g/t cut-off); whereas the NW Zone contains 196,000 tonnes grading 8.68 g/t (at a 0.7 g/t cut-off). The Porphyry NW Extension Zone extends the main Porphyry lower grade, bulk gold target to the NW for an additional 1.2 km consisting of largely untested ground wedged between Douay West and the NW zones. The overall gold potential is in and around Douay West.

The Company would also like to highlight that the environmental permitting process will, subject to financing, be engaged in 2016 with federal and provincial authorities following the results of an Environmental Baseline Study ("EBS"). The present report clarifies the regulations framework for the Douay West Zone Project. The EBS shows that no issue is expected with the development of mining activities in this area. The Canadian Environmental Assessment Agency will determine if the project will be subject to a federal EIA.

Required works are pending to complete all requirements from the *Ministère de l'Énergie et des Ressources naturelles* for the Mining Lease at Douay West.

The Porphyry Zone sector hosts the majority of the lower grade gold mineralization at Douay and overlaps the base metal target area west of the South Porphyry. Both surveys combined with the eleven previously completed IP surveys done during previous campaigns were re-interpreted as a single database. The IP and the other geological-geophysical components of the Program will be essential in identifying any new mineralization and new exploration targets at Douay.

Results show a match between IP and the previously interpreted airborne Magnetic and EM-INPUT™ surveys. Highlights include:

1. Areas of lower IP resistivity correspond to wide swaths of deeper overburden in the central and eastern portions of Douay;

2. Where narrower linear IP resistivity lows occur they are overlapped by similar linear EM-INPUT™ anomalies, corresponding to conductive linear and recessive fault-bearing graphite typical of the Casa Berardi Deformation Zone (the "CBDZ"), as well as graphite- and sulphide-rich mudstones and cherts;

3. These narrow linear IP resistivity lows mirror the complex array of faults of the CBDZ crisscrossing Douay with consistent E-W, NE-SW and NW-SE trends forming anastomosing patterns - as in the case of the Douay West Zone, the gold mineralization appears to sit at the junction of two anastomosing faults;

4. Smaller groupings of EM INPUT™ anomalies located in felsic and mafic volcanic rocks are associated with more discrete areas of higher IP resistivity, likely a non-graphitic component to the conductors, such as sulphide-bearing cherts and massive sulphides;

5. The largest of these EM INPUT™ groupings spans some 4 kilometres in length, containing a 1 km wide series of conductors with higher IP resistivity running westwards from the South Porphyry; and

6. A similar 3.7 km long segment of EM-INPUT™ conductors and IP-resistivity highs occurs along the northwestern most occurrence of the Casa Berardi Deformation Zone, where previous drilling also indicated sulphide-bearing cherts and massive sulphides, this time anomalous in Copper, Zinc and Silver - historical drill hole #J8 intersected 0.16% Copper and 16.5 g/t Silver over 0.9 meters; whereas historical drill hole #54493 gave 0.18% Zinc over 8.9 meters.

It is now believed that both the pre-existing Douay West and Adams-Porphyry gold zones can be combined into a new single, larger 1.5 kilometres long Douay West Gold Project.

While reviewing the mining scenarios outlined in the Preliminary Economic Assessment ("PEA") of the Douay West Zone, Aurvista recognized that in order to deliver a positive and bankable Feasibility, a minimum mine life of 10 years or mineral reserves of between 350,000 to 500,000 ounces with an equivalent 10 years of mineral resources was required. The Generative Exploration Program has outlined two distinct populations of lineaments: one with E-W and NW-SE directions, considered to belong to a pre- and/or syn-mineralizing event ascribed to the Casa Berardi Deformation Zone; the second set with a dominant NE-SW direction, likely belongs to a post-mineralizing or post-deformational event typically ascribed to late diabase or gabbro dykes commonly observed in the region.

One of the E-W trending subsidiary faults links the Douay West Zone to the Adams-Porphyry Zone, located 1.5 km to the east. Both zones have affinities to the Douay Syenite Porphyry (the "Porphyry"): the former sits at the boundary of the Porphyry, whereas the latter sits within the Porphyry.

The pre-existing Douay West Zone, as defined by more than 150 diamond drill holes, is oriented approximately NW-SE with a moderate to steep southerly dip. The mineralization varies from a few centimetres to more than 30 metres in true width, is at least 175 meters long in horizontal length, and is known to a minimum vertical depth close to 300 meters, remaining open at depth and along strike. The gold sits within mafic volcanics and intrusive rocks (syenite). The mineralized rock is bleached white to beige due to the albite, ankerite and sericite with a reddish tinge due to the hematite. Pyrite is the dominant sulphide ranging from 1% to 40%. Typical gold grades include: 3.0 g/t gold over 47.1 meters, including 5.6 g/t gold over 7.5 meters (D-112); 4.2 g/t gold over 13.9 meters (DO-14-141); and 3.9 g/t gold over 30.5 meters, including 17.0 g/t gold over 5.0 meters (DO-14-145). At a 3 g/t gold cut-off*, the Douay West Zone contains 828,000 tonnes @ 5.78 g/t gold (153,890 ounces of gold) in the Indicated category and an additional 181,000 tonnes @ 4.87 g/t gold (28,420 ounces of gold) in the Inferred category.

The pre-existing Adams-Porphyry Zone is associated with the Porphyry located due east of, and within, 1.5 km of the Douay West Zone. Some 85 holes were drilled to define the zone as well as the remaining Porphyry mineralization with the deepest drill intersection at -400 meters vertical depth. The zone is up to 100 meters true width, extends for at least 900 meters in length as it is linked to the remaining known Porphyry mineralization for 1.8 km to the east. It remains open at depth. It contains disseminated sulphides (pyrite) and stockworks of carbonates and/or K-feldspar and/or fluorite, with ankerite, barite, anhydrite, fluorite, albite, K-feldspar, clays and/or sericite as the alteration minerals in the host Porphyry. The gold tends to be disseminated throughout, closely linked to the presence of barite-anhydrite and sulphides. The typical mineralization shows both lower grade wide haloes encapsulating higher grade gold as exemplified by DO-12-97 which intersected 1.07 g/t gold over 183.0 meters that included two higher grade lenses of 4.75 g/t gold over 3.0 meters and 9.0 g/t gold over 9.0 meters with a sub-lens of 32.5 g/t gold over 1.5 meters. At a 3 g/t gold cut-off*, the Adams-Porphyry Zone 383,000 tonnes @ 22.29 g/t gold (274,200 ounces of gold) in the Inferred category.

The mineral resources encompassing the pre-existing Douay West and Adams-Porphyry zones, now under the Douay West Gold Project, at a 3 g/t gold cut-off*, stand at 828,000 tonnes @ 5.78 g/t gold for 153,890 ounces in the Indicated category, and an additional 564,000 tonnes @ 16.69 g/t gold for 302,620 ounces in the Inferred category. The mineralization is open at depth beyond -300 meters vertical at Douay West and -400 meters vertical at the Adams-Porphyry. Combining the two proximal zones could potentially have a positive impact on the economics of any potential mining project (because of the higher grades of the Adams Zone). It offers immediate upside potential by demonstrating a larger mineral resource base from which to define the minimum 10 years of mineral reserves and an equivalent 10 years of mineral resources for any future mining scenarios.

As one of the priority targets being generated by the Generative Exploration Program, a two-phased drill program (35 drill holes / 13,000 meters) is proposed for the new Douay West Gold Project with the objective of increasing the quantity and quality of the current mineral resources. The priority ranking of these targets has not yet been determined and the drill program will be dependent on the completion of a financing.

As part of further expanding the generative work at Douay, the Company still plans on initiating a lithogeochemical study in 2016, subject to financing, which would assist in defining primary lithologies and secondary alteration gradients induced by hydrothermal-related processes for gold and/or base metal mineralization. Lithogeochemistry will be crucial in vectoring towards potential new mineralization along the 20 km length of the Casa Berardi Deformation Zone on Douay. Aurvista will uniformly cover Douay by re-sampling drill core from 26 North-South project-wide sections at 500 meters to 750 meters intervals, analyzing this core for major and trace elements with complementary petrography, and finally alteration-mineralization vectoring.

## Selected quarterly financial information

The following selected financial information is derived from the Company's unaudited interim financial statements and from audited annual financial statements. Since its incorporation, the Company has not paid nor does it plan to pay, prior to going into production, any cash dividends on its outstanding common shares. It is highly unlikely that any dividends will be paid in the near future.

Aurvista anticipates that the quarterly and annual results of operations will primarily be impacted for the intermediate future term by several factors, including the timing and extent of the exploration expenditures, the timing and nature of funding secured and efforts related to the development of the Company. Due to these fluctuations, the Company believes that, while the company remains in the exploration stage, quarter-to-quarter and year-to-year comparisons of operating results may be a misleading indication of future performance.

| | | | | |
|---|---|---|---|---|
| Selected Quarterly Financial Information | | | | |
| Four Quarters starting January 1, 2014 | | | | |
| | Three Mths Mar 31, 2014 | Three Mths June 30, 2014 | Three Mths Sept 30, 2014 | Three Mths Dec 31, 2014 |
| Statements of Comprehensive (loss) Income | | | | |
| Exploration and Evaluation | **(89,499)** | **593,667** | **(144,400)** | **(531,806)** |
| Operating (Expenses) | **(91,449)** | **(139,084)** | **(122,643)** | **(197,497)** |
| Income related to flow-through | | | | |
| Finance Income | **8,020** | **4,988** | **2,483** | **5,407** |
| Finance (Expense) | **(104)** | **(271)** | **(3,579)** | **(191)** |
| Income Tax Recovery (Expense) | **58,663** | **-** | **-** | **-** |
| Net Profit (Loss) | **(114,369)** | **459,300** | **(268,139)** | **(724,087)** |
| Other Comprehensive Loss | **27,000** | **-** | **(27,000)** | **-** |
| Total Comprehensive Income (Loss) | **(87,369)** | **459,300** | **(295,139)** | **(724,087)** |
| Net Loss per share, basic and diluted | **-0.001** | **0.007** | **-0.003** | **-0.012** |
| Statements of Cash Flows | | | | |
| Cash Flows from operating activities | **779,578** | **446,195** | **338,075** | **(1,061,887)** |
| Cash Flows from financing activities | **(935)** | **-** | **-** | **-** |
| Cash Flows from investing activities | **(5,458)** | **-** | **-** | **-** |
| Increase in Cash and Equivalents | **740,584** | **(246,113)** | **365,357** | **(950,523)** |
| | As at Mar 31, 2014 | As at June 30, 2014 | As at Sept 30, 2014 | As at Dec 31, 2014 |
| Statements of Financial Position | | | | |
| Cash and Cash Equivalents | **$1,832,872** | **$1,586,759** | **$1,952,116** | **$1,001,593** |
| Marketable Securities | **108,000** | **108,000** | **81,000** | **81,000** |
| Funds Reserved for Exploration | **0** | **0** | **0** | **0** |
| Equity | **1,456,026** | **1,926,537** | **1,645,849** | **927,565** |
| Total Assets | **1,987,720** | **2,457,293** | **2,182,764** | **1,624,632** |

| | | | |
|---|---|---|---|---|
| Selected Quarterly Financial Information | | | | |
| Four Quarters starting January 1, 2015 | | | | |
| | Three Mths Mar 31, 2015 | Three Mths June 30, 2015 | Three Mths Sept 30, 2015 | Three Mths Dec 31, 2015 |
| Statements of Comprehensive (loss) Income | | | | |
| Exploration and Evaluation | (348,804) | (192,645) | 28,866 | 52,026 |
| Operating (Expenses) | (152,900) | (122,794) | (98,592) | (165,717) |
| Income related to flow-through | | | | |
| Finance Income | 2,784 | 793 | 133 | 69 |
| Finance (Expense) | (247) | (174) | (4,814) | (26,811) |
| Income Tax Recovery (Expense) | - | - | - | - |
| Net Profit (Loss) | (499,167) | (314,820) | (74,407) | (140,433) |
| Other Comprehensive Loss | (5,400) | 21,600 | (37,800) | (11,200) |
| Total Comprehensive Income (Loss) | (504,567) | (293,220) | (112,207) | (151,633) |
| Net Loss per share, basic and diluted | -0.008 | -0.003 | -0.002 | -0.002 |
| Statements of Cash Flows | | | | |
| Cash Flows from operating activities | (489,420) | (394,953) | (201,363) | 409,460 |
| Cash Flows from financing activities | - | - | 221,914 | (289,496) |
| Cash Flows from investing activities | - | - | - | - |
| Increase in Cash and Equivalents | (489,420) | (394,953) | 20,551 | 119,964 |
| | As at Mar 31, 2015 | As at June 30, 2015 | As at Sept 30, 2015 | As at Dec 31, 2015 |
| Statements of Financial Position | | | | |
| Cash and Cash Equivalents | $512,173 | $117,220 | $137,771 | $257,735 |
| Marketable Securities | 75,600 | 97,200 | 59,400 | 48,600 |
| Funds Reserved for Exploration | - | - | - | - |
| Equity | 427,935 | 135,264 | 26,674 | (94,310) |
| Total Assets | 1,200,303 | 869,651 | 932,464 | 660,264 |

## Results of operations for the three and twelve months ended December 31, 2015 and 2014

### Net Profit (Loss)

During the three months ended December 31, 2015, the Company realized a Net Profit (Loss) of ($151,633) compared with a Net Profit (Loss) of ($724,087) in the fourth quarter of 2014. The bigger loss in 2014 was caused by higher Exploration and Evaluation Costs as compared to a substantially shut-down exploration program in the fourth quarter of 2015. On a year to date basis the Net Profit (Loss) in the twelve months of 2015 was ($1,028,827) compared to a loss of ($647,295) in the comparable period of 2014. In 2014 the Company had higher Exploration and Evaluation cost but netted $367,582 in Quebec Exploration Tax Credits against such costs. In 2015 the credit was $100,000. Further there were slightly lower General and Administrative costs and significantly higher interest expense as the Corporation factored its accounts receivable in order to ensure an orderly year-end whereas the comparable period in 2014 benefited from an accounting gain on expiry of stock warrants in the first quarter of 2014.

### Exploration and Evaluation costs

Exploration and Evaluation costs in the fourth quarter of 2014 were $531,806 compared to a Recovery of $52,026 in the fourth quarter of 2015. For the year the costs were $460,557 in 2015 compared with $172,038 in 2014.

The Company commenced spending on the pit evaluation study in the second quarter of 2014 and continued to incur cost with the Preliminary Economic Assessment through the first quarter in 2015. Camp operating costs continued until shut-down completely in the fourth quarter of 2015. The major difference in this cost is that the Company netted $367,582 in Quebec Exploration Tax Credits against such costs in 2014. In 2015 the credit was $100,000.

**Operating expenses**

General and Administrative Costs were $165,717 in the fourth quarter of 2015, compared to $197,497 in the comparable period a year earlier. On a year to date basis General and Administrative costs were $540,003 in the twelve months of 2015 compared to $550,673 in the same period of 2014.

Operating costs were reduced in 2015 in all significant categories except for Salaries and Management Consulting fees in which case the cost is one-half paid and one-half accrued. Further, the allocation of cost between related companies and inside Aurvista between capitalized project costs and expense resulted in more costs absorbed by Aurvista General and Administration in 2015 compared to the previous methodology.

**Finance income**

Finance income is small and represents interest income on excess cash management programs. The Company keeps its excess cash in either GIC's or Money Market instruments, replenishing its chequing account needs with small transfers as necessary. The Company carried larger cash balances in the first half of 2014 and therefore interest income was greater.

**Finance expense**

Finance expense in prior quarters was small and represented bank fees and charges for the respective quarters. On September 4, 2015 the Company entered into a loan arrangement, factoring the Company's 2014 Quebec Exploration Tax Credits. The agreement allowed for a loan of up to 75% of the 2014 tax credit claim less fees of 5% and the prepayment of nine months interest at 1.5% per month. The additional finance expense consists of the interest at 1.5% per month plus the Amortization of fees. The Company wanted to ensure that it had sufficient cash in order to meet its year-end audit and filing obligations.

**Liquidity and capital resources**

As at December 31, 2015 the Company had a working capital deficit of $96,587 as compared to working capital of $23,944 as at September 30, 2015, $900,623 as at December 31, 2014 and $1,590,892 as at December 31, 2013.

The Company has during 2014 and 2015 been unable to raise equity or debt in the capital markets. The Company continues to pursue financing opportunities and believes that they will be successful.

Current Assets consists mostly of Cash, Cash Equivalents, Marketable Securities and Sales Tax and Mining Exploration Tax Credits Receivable. The Company has an issue with a relatively small amount of Quebec Sales Tax. Other current asset and current trade accounts tend to be small. Current Liabilities consist of trade accounts payable and accruals and a $442,000 accounting provision for a settlement amount with Canada Revenue Agency or settling with affected flow-through investors. This provision is the subject of a Settlement Agreement which has been reached with CRA. The agreement quantifies the Company's underspent flow-through obligations and gives the Company the right, but not the obligation, not to exceed $400,000, to pay taxes on behalf of the flow-through investors on or before November 19, 2016 that can otherwise be reassessed by CRA. Payment of taxes on behalf of investors is contrary to CRA Policy and hence this agreement recognizes significant extenuating circumstances. At this time it is unknown as to the the Company's ability to pay the amount, or alternatively the ultimate cost if the Company does not pay CRA. The

Company believes that it is in its best interests to make the payment to CRA.

The Company has taken steps to significantly reduce spending until a financing can be closed. The Company is considering both smaller financings from the capital markets and larger strategic style deals. A press release will be issued once a deal firms up.

The Company's longer term ability to carry out its business plan is dependent on obtaining additional financing or in the sale of the properties or percentages of properties to third parties at a profit. As of August 27, 2015, the Company announced that it did not have sufficient cash on hand or from working capital to continue normal operations and therefore has significantly reduced expenditures and has no exploration commitments until such time as the financing is closed.

**Cash flows from operating activities**

Cash (outflows)/inflows (into)/from operating activities for the year ended December 31, 2015 was an outflow of ($676,276) compared with an outflow of ($84,302) in the same period of 2014. Exploration and Evaluation spending was actually higher in 2014 but Quebec Tax Credit receipts in 2014 included claims for 2012 and 2013, less the 2014 accrual, overwhelmed the exploration spending. Claims in 2012 and 2013 were in periods of heavier Exploration spending and totalled $1,212,246. Adding to the collection in accounts receivable was an increase in accounts payable. The net result is a significantly lower than normal cash outflow to operations in 2014. Cash outflows in 2015 were more normal. The 2015 receipts of 2014 Quebec Tax Credits were $367,582 less the accrual of $100,000 for the 2015 rebate accrual. This decline in cash inflows Was offset by better collections of Quebec Sales Tax yielding a total decrease between the years in operating cash flows of $591,974.

**Cash flows from financing activities**

Cash flows (used in) financing activities were ($67,582) in the twelve months ended December 31, 2015 compared to ($935) used in 2014. The amounts making up the 2015 amounts were the fees and interest charged in factoring our $367,582 Quebec Exploration Tax Credit. About one-half of this amount was a prepayment of interest to April 2016 and this prepayment was refunded in 2016. This cost was incurred as a last resort to ensure that funding was available to meet audit, filing and other year-end requirements.

Recent past financing activities included the following transactions:

- In November and December, 2012, the Company closed two tranches of a private placement financing. Each Unit was priced at C$0.25 and consisted of one common share and one-half of one common share purchase warrant with each whole warrant exercisable at C$0.40 to purchase one common share for a period of 24 months from the closing date of the offering. Aggregate proceeds in a difficult market were $1,473,853. The Company closed a further tranche in January 2013 of $130,000.

- In December 2012 the Company concluded a private placement by issuing 4,083,326 flow-through common shares at a price of $0.30 per share for total proceeds of $1,224,998.

**Cash flows from investing activities**

Cash out flows into investing activities were nil in the year ended December 31, 2015, and $5,458 in 2014.

## Transactions with related parties

Under an administrative agreement between the Company and Norvista Resources Corporation (which shares common directors), the Company had as at December 31, 2014 a payable to Norvista of $935 and as at December 31, 2015 had a balance owing to Norvista for rent of $8,280. These transactions were measured at fair value and were conducted in the normal course of business.

Under an agreement between the Company and Global Mineral Advisory Services ("GMAS"), which is owned by the former Chairman, President and CEO of the Company, during the twelve months ended December 31, 2015 GMAS invoiced the Company $nil ($100,000 was invoiced for the first eight months in 2014) for CEO services provided. These transactions were measured at fair value and were conducted in the normal course of business. During the third quarter ended September 30, 2014, Richard J. Adams, the owner of GMAS, resigned as President and CEO effective August 29, 2014.

Under an agreement between the Company and 9134-4382 Quebec Inc, ("9134-4382") which is owned by Jean Lafleur, the President and CEO of the Company, 9134-4382 would invoice the Company for exploration and CEO services provided to the Company. During the year ended December 31, 2014 9134-4382 billed and was paid $22,500 for services. During the year ended December 31, 2015, 9134-4382 invoiced or the Company accrued $90,000 for exploration and CEO services provided to the Company. At December 31, 2015 there is an amount of $40,324 (December 31, 2014, $8,623) due to 9134-4382 by the Company.

## Contingencies

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

The Company has a tax issue with respect to flow-through spending in 2010 and 2011, which is now the subject of a settlement Agreement with CRA. The details have been fully detailed under Liquidity and Capital Resources above.

## Evaluation of Internal Control over Financial Reporting

Management maintains a system of internal control over financial reporting to provide reasonable assurance that assets are safeguarded from any loss or unauthorized use and that financial information is reliable and available in a timely manner. The President and Chief Executive Officer and the Chief Financial Officer have also designed or had designed internal controls over financial reporting to provide reasonable assurance that financial reporting is reliable and that the financial statements are designed to report financial information in accordance with IFRS. There were no important changes in the internal control over financial reporting during the three and twelve-month periods ended December 31, 2015, that had or could reasonably be expected to materially affect the internal control over financial reporting ("ICFR").

The Company implemented NI-52-110 through its website in 2014 and the Board has requested documentation of additional policies employed.

## Off Balance Sheet Arrangements

The Company has not entered into any Off Balance Sheet Arrangement or Off Statement of Financial Position Arrangement other than those disclosed in the Company's Financial Statements for the three and twelve months ended December 31, 2015 and 2014.

**Subsequent events**
There were no events subsequent to December 31, 2015 other than those reported in the financial statements.

**Going concern assumption**
These financial statements have been prepared on the basis of the going concern assumption, in other words, the Company will be able to realize its assets, discharge its liabilities and pursue its mining exploration program in the normal course of operations. The Company has a working capital deficit at December 31, 2015 of $96,587. Management is of the opinion that the Company will be able to meet its current exploration obligations, which are none, but can keep its properties in good standing for at least the next twelve months and can return to full scale operations only with its ability to raise equity financing or sell assets in the near term. Management believes that it will raise an additional financing which will correct the working capital deficit. Even if the Company has been successful in doing so in the past, there is no assurance that it will manage to obtain additional financing in the future. All exploration programs and its discretionary expenses are highly restricted.

Given that the Company now has a working capital deficiency and has not yet determined whether its mining properties contain mineral deposits that are economically recoverable and has an accumulated deficit of $32,747,541, these conditions, together with the extreme current weakness in capital markets, raise significant doubts regarding the Company's ability to raise financing and to continue as a going concern.

The Company's financial statements do not include any adjustments to the assets carrying amount, to the expenses presented and to the reclassification of the balance sheet items that could be necessary should the Company be unable to continue its operations.

Management is of the opinion that it is currently relying on its capacity to continue to raise equity financing or similar funds flow from financing activities in the near future, and that the Company still believes that despite a very difficult market that it will raise such funds and be able to return to full-scale operations. In the event that financing activities prove to be impossible then the Company will consider an appropriate merger. If the Company is unable to raise equity financing then exploration activities will remain shut down, as there are currently no commitments other than exploration payments accrued at December 31, 2015 and Operating Expenses will continue in a significantly reduced mode and in addition, will keep its properties in good standing. Near the end of the first quarter of 2012 capital markets weakened significantly for mining stocks and in particular for junior exploration companies. Capital Markets have remained weak for Junior Mining Companies through the date of this report. Management has adjusted plans accordingly.

The potential impact of the outstanding tax issue is disclosed in detail under Liquidity and Capital Resources above.

**Other Material Accounting Assumptions**
On January 22, 2015 the Company received a report from P&E Mining Consultants Inc. a report Entitled "Technical Report and Preliminary Economic Assessment" (the "Report"). The report addressed pit planning, subsequent underground mine planning and the economics of developing the Douay West Zone. The report is 43-101 and 43-101F1 compliant and has been filed on SEDAR.

The estimated net cash flow detailed in the report did not take into account the estimated future costs of completing a Feasibility study nor did it take into account any value that might have to be given or value received in achieving a toll milling or joint venture agreement. Certain costs or additional value were strictly limited by the rules prescribed under 43-101 regulations.

The resulting net cash flow adjusted to a reasonable view of other factors outside the regulations was sufficient to demonstrate that an impairment provision against the accumulated total of the Mining Properties and Exploration and Evaluation expensed would not have been required at this time for economic reasons. There is no assurance that any or all of the above assumptions may change with changes in, among other things, gold prices, exchange rates, cost estimates or engineering assumptions.

However, given the uncertainty as to Liquidity and Going Concern detailed above and uncertainty whether the Company will be able to maintain its control over mining claims, the Company decided to change its accounting policy over capitalizing such costs in the first instance. The subject of impairment of accumulated costs will be discussed explicitly quarterly in the MD&A.

**Capital management**

The Company's objective in managing capital is to ensure continuity as a going-concern as well as ultimately to safeguard its ability to defend the title to the Douay Property but at the same time to advance the project as quickly as possible given those constraints. An inability to raise any kind of financing has stressed the Capital Management process. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, raise debt and acquire or sell or merge into an interest in mining properties to improve its financial performance and flexibility.

The Company defines its capital as the shareholders' equity. To manage effectively the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long-term debt, as the Company does not currently generate operating revenues. There is no dividend policy. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through share arrangements. These funds have to be expended on eligible exploration expenses. The Company expects following completion of the 2010 and 2011 flow-through issue with CRA to be in compliance of these regulatory requirements.

The Company's management of capital remained unchanged since the prior year.

| **Capital** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2015** | **2015** | **2015** | **2015** | | **2014** | **2014** | **2014** | **2014** |
| | **Q4** | **Q3** | **Q2** | **Q1** | | **Q4** | **Q3** | **Q2** | **Q1** |
| | | | | | | | | | |
| | -94,310 | 26,674 | 135,264 | 427,935 | | 927,565 | 1,645,849 | 1,926,537 | 1,456,026 |
| | | | | | | | | | |

**IFRS Accounting policies and estimates**

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual financial statements for years ended December 31, 2015 and 2014.

**Other requirements in the Management Discussion and Analysis**
The following selected financial information is derived from audited and unaudited financial statements.

| | | | |
|---|---|---|---|
| Disclosure of outstanding share data (as at December 31, 2015) | | | | 
| Common shares outstanding; | | 69,511,617 | | |
| Share options outstanding: | | 5,930,000 | | |
| Average exercise price of: | | $0.13 | | |

| | Expiry Date | Number of Shares | Exercise Price | Remaining Life |
|---|---|---|---|---|
| Jan'17 | | 500,000 | $0.40 | 1.0 |
| Dec'18 | | 1,930,000 | $0.12 | 3.0 |
| Oct'19 | | 500,000 | $0.12 | 3.8 |
| Nov'20 | | 3,000,000 | $0.10 | 4.9 |
| | | 5,930,000 | $0.13 | 3.9 |

| | |
|---|---|
| Warrants Outstanding: | 0 |
| Average exercise price | $0.00 |

**Risk and uncertainties**
Aurvista is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be materially adversely affected.

**Interest risk**
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as money market funds, banker's acceptances, term deposits, guaranteed investment certificates or bonds) with maturities of 360 days or less from the original date of acquisition.

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash equivalents and the volatility of these rates. As at December 31 2015, cash equivalents total $257,735 and interest income was small. A rise in interest rates could however increase the price of that could have a material impact.

**Liquidity risk**
Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents to meet its financial obligations as they fall due. The inability to raise any kind of financing has stressed

the liquidity management process. For this reason the Company reduced exploration spending in 2013 and in 2014 and again in 2015. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to restart full-scale operations, and while it has been successful in doing so in prior years, there can be no assurance it will be able to do so in the future. Late in the first quarter of 2012, capital markets weakened and have remained weak through the date of this report. In the mining exploration sector, the weakening was further exaggerated. Please see our more fulsome comments under Liquidity and Capital Resources.

**Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation to a financial instrument and cause the other party to incur a financial loss. The Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents and Quebec tax credits and refunds. To mitigate exposure to normal trade credit risk, the Company policy is to limit the concentration of credit risk and to ensure counterparties demonstrate minimum acceptable worthiness. The Company's cash and cash equivalents are held at large Canadian Banks.

**Market risk**

The Company holds common shares of a public company in the mineral exploration industry. The holding is strategic but the holding does expose the Company to market risk in ultimately trading these shares and to unfavourable market conditions, which could result in the disposal at less than their value as at December 31, 2015. The value of these common shares and warrants was $48,600 at December 31, 2015.

**Exploration and Mining risk**

The business of mineral exploration involves a high degree of risk. Few properties explored are ultimately developed into production. At present, other than the original Douay West high-grade ore body, which is currently relatively small, there are no technically demonstrated concentrations of obviously commercial ore on the Company's mineral properties. However, that being said, taking the mineral resources as a whole, the Company believes that there is a favourable probability that a commercial mine will be built. Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There is no underground or surface plant or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

**Titles to property**

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects. The Company must spend $175,000 to effect its 75% joint venture interest in small number of certain claims. There is no time limit on this spending requirement.

**Permits and licenses**

The Company's operations will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. The Company has commenced application on certain claims.

**Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and such fluctuation can be caused by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted. The price which management watches is the long-term forecast price of gold.

**Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees. Having said that, and acknowledging the risk, it could be of great benefit to attract such a competitor or competitors as partners to explore fully, in joint venture, the large Douay property or to bring the Douay West zone into production.

**Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company makes every effort to comply fully with all environmental regulations.

**Conflicts of interest**

Certain directors are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company, by law, are required to disclose any interest that they may have in any project or opportunity of the Company and to act honestly and in good faith with a view to the best interests of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

**Stage of development**

The Company's properties are partially in the advanced exploration stage and partially in the early exploration stage and to date none, other than the Douay West Zone, has a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

### Industry conditions

Future mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

### Uninsured hazards

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards against which the Company cannot be insured or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company's assets or the insolvency of the Company.

### Future financing

Completion of future programs will require additional financing, which will dilute the interests of existing shareholders.

### Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

### Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada). The Company has concluded a Settlement Agreement with CRA to settle a claim against flow-through investors. The Company accrued $442,000 as a current liability and as an accounting provision regarding settlement with or on behalf of the flow-through investors. At this time it is unknown as to the amount or the nature of the final result.

### Certification of Quarterly filings

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual and Quarterly Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual audited financial report, the quarterly financial report, the MD&A and the Annual Information Form (if applicable),(together, the "annual filings") of the Company for the three and twelve months ended December 31, 2015 and 2014

Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual and quarterly filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the quarterly and annual filings.

Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial report together with the other financial information included in the quarterly and annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the period presented in the filings

The President and CEO and the CFO have provided separate certificates regarding ICFR under Evaluation of Internal Control over Financial Reporting.