

## **Minnova Corp.**

*365 Bay Street, Suite 400, Toronto, Ontario, CANADA, M5H 2V1*

*Telephone: (647) 985-2785 Fax: (416) 361-2519*

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## **Management Discussion and Analysis for the Three and Nine Months ended December 31, 2015**

This Management Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Minnova Corp. ("Minnova" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended December 31, 2015. This discussion should be read in conjunction with the audited financial statements of the Company for the years ended March 31, 2015 and March 31, 2014, together with the notes thereto, and the unaudited condensed interim financial statements of the Company for the three and nine months ended December 31, 2015 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

As a result of ongoing review and possible amendments by interpretive guidance from IASB and IFRIC, IFRS in effect at March 31, 2016, may differ from IFRS and interpretation statements applied in preparing the audited annual financial statements for the year ended March 31, 2015, and the unaudited condensed interim financial statements for the three and nine months ended December 31, 2015.

In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results that may be expected for any future periods. Information contained herein is presented as at December 31, 2015, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Minnova's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Minnova's website at [www.minnovacorp.ca](http://www.minnovacorp.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Financial and Operating Highlights for the Nine months ended December 31, 2015**

### **Financial Situation**

- As of December 31, 2015, the Company had a cash position of \$544,507 current liabilities of \$3,665,915 and a net loss of \$457,281 for the nine months ended December 31, 2014. Exploration expenditures during the nine month period totalled \$390,653.
- Management and the board of directors continue to focus on maintaining reduced overhead and G&A expenses while proactively seeking funding to support our PL Mine re-start plans, advancing various technical programs and responding to investor and industry inquiries expressing positive support for the future re-start of the PL Mine.

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### **Corporate Developments**

- The company completed financings for total proceeds of \$911,559 during the quarter ended December 31, 2015 according to the following schedule;
  - On October 29, 2015, the Company closed Tranche 1 of a non-brokered private placement with the issuance of 500,000 flow-through common shares of the Company at a price of \$0.31 per Flow-Through Share for gross proceeds of \$155,000. In addition, 161,300 common share units were issued at a price of \$0.31 per Common Share Unit for gross proceeds of \$50,003. The Common Share Units consisted of 161,300 common shares and 80,650 warrants entitling the holder to purchase one common share at the exercise price of \$0.40 for a term of 2 years from the closing date of the Offering. The Company issued 30,000 broker warrants related to the Flow-Through Shares with each exercisable at \$0.40 per common share for a period of two years.
  - On November 5, 2015, the Company closed Tranche 2 of the offering with the issuance of 322,600 Common Share Units at a price of \$0.31 per Common Share Unit for gross proceeds of \$100,006. The Common Share Units consisted of 322,600 common shares and 161,300 warrants entitling the holder to purchase one common share at the exercise price of \$0.40 for a term of 2 years from the closing date of the Offering.
  - On November 12, 2015, the Company closed the Tranche 3 of the offering with the issuance of 730,000 Flow-Through Shares of the Company at an issue price of \$0.31 per Flow-Through Share for gross proceeds of \$226,300. The Company issued 43,800 broker warrants related to these Flow-Through Shares with each exercisable at \$0.40 per common share for a period of two years.
  - On December 31, 2015, the Company closed a non-brokered private placement with the issuance of 975,000 Flow-Through Shares of the Company at an issue price of \$0.39 per Flow-Through Share for gross proceeds of \$380,250. The Company issued 58,500 broker warrants related to these Flow-Through Shares with each exercisable at \$0.39 per common share for a period of two years.
- On July 28, 2015 the Company announced the ruling of the Honourable Mr. Justice Manson from the federal court hearing held on July 14, 2015 in Winnipeg, Manitoba. He ruled; i) that the judicial review was premature and ii) that the Agency's determination that the PL mine re-start was a new mine under CEAA 2012 (sections 16 and 17 to the Schedule to the Regulations) was unreasonable.
- Subsequent to the court hearing the Company presented an internal re-start plan for a 600 t/day underground only operation with a view to avoid unnecessary regulatory review of a project that is in full compliance with a valid and existing Environment Act Licence 1207E.
- On September 9, 2015 we received confirmation from the Canadian Environmental Assessment Agency ("the Agency") that the Agency is now satisfied that the PL Mine re-start, is not a designated project under item 16(c) of the Schedule to the Regulations.
- As a result, Minnova Corp is not required to submit a Project Description.
- The PL mine can now advance under its existing Environment Act License 1207E which allows for underground mining and processing at a throughput rate of 600 tonnes per day.
- Following the announcement confirming our permit status we ramped up our discussions seeking financing to fund the re-start of underground mining operations and gold production at the PL Mine. Project financing options under consideration include;
  - possible investment (equity and/or project loan),
  - the sale of all or a portion of the PL Mine, and

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- a gold asset merger or other gold sector business combination involving a third party or joint venture.
- It is the Company's current intention not to disclose developments with respect to the strategic review process until such time the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. The Corporation cautions that there are no assurances or guarantees that the process will result in a transaction, and if a transaction is undertaken, as to the terms or timing of such transaction or mine development plan.
- We remain optimistic that an improved outlook for gold price and investor interest in gold projects combined with our completed project de-risking milestones (2015 Updated PEA, updated 43-101 compliant resource estimates for PL and Nokomis Gold deposits and 2014/2015 permit status clarification) will stimulate investor interest, translate into a higher share price and enhance our ability to attract required project funding.

### **PL Mine**

- Project Overview:
  - July 9, 2014 - Completed a positive Updated Preliminary Economic Assessment ("Updated PEA") for a proposed open pit and underground mining and milling operation at the PL mine incorporating mineral resources from the PL Gold Deposit and the satellite Nokomis Gold Deposit.
    - The combined open pit and underground mine plan and on-site processing at a rate of up to 900 tpd were selected to enhance the economics of the project.
      - 600tpd from underground at an average diluted grade of 7.26 g/t
      - 300tpd from open pits at an average diluted grade of 4.41 g/t gold (strip 6:1)
    - We are committed to minimizing the long term environmental impact of the project. As such we have completed an internal analysis of an underground only mining operation operating at a rate of 600tpd. Our internal analysis confirms the development and operational flexibility the project. Furthermore the economics of the project remain robust despite the lower underground only gold production scenario.
    - We continue to evaluate the underground only development scenario at a throughput rate of not more than 600tpd to reduce our environment impact and avoid unnecessary delays in putting all required permits in place.
  - Highlights from the Base Case study, which uses a long term gold price of US\$1,250 per ounce gold and USD:CAD exchange rate of \$1.05, include:
    - Pre-tax Net Present Value ("NPV") at a 5% discount rate of \$97.7 million and an Internal Rate of Return ("IRR") of 59%;
    - After-tax Net Present Value ("NPV") at a 5% discount rate of \$83.9 million and an Internal Rate of Return ("IRR") of 55%;
  - The Updated PEA is based on mineral resources derived from the PL and Nokomis Gold Deposits amenable to open pit and underground mining. Combined Measured and Indicated contained gold is estimated at 327,900 ounces (2,023,000 tonnes grading 5.04 g/t average of

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open pit and underground) and Inferred mineral resources total 438,700 ounces of gold (2,426,695 tonnes grading 5.62 g/t average of open pit and underground)

- The mineable resource presented in the Updated PEA supports an 11 year mine life, mining and processing 2.5 million tonnes, averaging 6.58 grams per tonne ("g/t") gold (open pit and underground), producing 483,355 ounces of gold;
- Open pit production amounts to 558,000 tonnes at an average diluted grade of 4.41 g/t gold at a LOM strip ratio of 6:1, for 67,479 ounces of recoverable gold;
- Underground production amounts to 1.98 million tonnes an average diluted grade of 7.26 g/t gold, for 415,876 ounces of recoverable gold;
- During the summer field season of 2014 the Company sought out and received clarification on the status of the designated Ragged Tailings Deposition Area (Ragged TDA). Following a fish population study completed in August 2014, Environment Canada (EC) in collaboration with Fisheries and Oceans Canada (DFO) determined on September 30<sup>th</sup> 2014 that because fish now occur within the Ragged TDA, they consider the Ragged TDA to be a body of water frequented by fish. As such, EC stated the "Ragged TDA will require a listing on Schedule 2 of the Metal Mining Effluent Regulations (MMER)". In order to achieve a Schedule 2 listing, the company will be required to submit an Assessment of Alternatives report to determine if the Ragged TDA is in fact the best option for deposition of new tailings. The assessment will consider all possible alternatives for safe, long term tailings storage from environmental, socio-economic and technical perspectives.
- Other permits and licenses currently in place include:

Permit/License	Permit/License	Expiry Date
Environment Act License	1207E	N/A
LEASE	065	1 April 2034
Crown Land Permit	GP0002799	31 December 2016
Crown Land Permit	GP0003758	31 December 2016
Crown Land Permit	GP0004038	31 December 2016
Crown Land Permit	GP0004134	31 December 2016
License to Use Water for Industrial Purposes	N/A	Approved – to be issued upon request
Casual Quarry Permit	CP-2012-1001080	To be renewed

- In parallel to our ongoing permitting discussions we continue to seek financing to fund and develop the Maverick Gold Project. Project financing options under consideration include;
  - possible investment (equity and/or project loan),
  - the sale of all or a portion of the Maverick Gold Project, and
  - a gold asset merger or other gold sector business combination involving a third party or joint venture.
- It is the Company's current intention not to disclose developments with respect to the strategic review process until such time the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. The Corporation cautions that there are no assurances or guarantees that the process will result in a transaction, and if a transaction is undertaken, as to the terms or timing of such transaction or mine development plan.

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### **Special Note Regarding Forward-Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

### **Overview and Strategic Activities**

Minnova Corp. (formerly Auriga Gold Corp.) is a publicly traded company currently focused on the near-term re-start of gold production at its 100% owned PL Mine and acquisition of other advanced, development stage - low capex near term cash flow projects. The company was incorporated on July 19, 1994 pursuant to the laws of the *Companies Act of Barbados*. Since the Company's management and the principal office of the Company are located in Toronto, Ontario, a continuance (the "Continuance") of the Company from the laws of Barbados to the laws of the Province of Ontario was filed on April 21, 2010. As a result of the Continuance, the corporate legislation that governs the Company ceased to be the Barbados Act and the Company is now governed by the Business Corporations Act (Ontario). The registered office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1. On June 26, 2014, the Company changed its name to "Minnova Corp." and commenced trading on the Toronto Stock Exchange (Tier 2 mining issuer) at the opening on June 27, 2014 under the new symbol "MCI".

The Company completed and filed an Updated PEA on open pit and underground mining and on-site milling at the PL and Nokomis Gold Deposits on July 9, 2014. The study confirmed management's view that the PL Mine is an attractive production re-start opportunity with an after-tax NPV5% of \$83.8 million and after-tax IRR of 55% (at a long-term gold price of US\$1,250 per ounce). The Company plans to continue to advance the PL Mine towards production through an initial a program of underground test mining and completion of a Feasibility Study. The PL Mine has significant existing infrastructure that contributes to low initial capital, short time to production and quick payback. Infrastructure includes a 1,000 tpd flotation mill, a developed

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underground ramp to approximately 130 metres depth. The property is fully road accessible, has access to low cost electricity and is close to existing regional mining support infrastructure.

## Mineral Properties

Minnova's exploration activities are at an early stage, and it has not yet been determined whether its properties contain an economic mineral reserve. Any activities of Minnova will constitute exploratory searches for minerals. See "Risks and Uncertainties" below.

### PL Property

On October 8, 2010, Minnova completed the acquisition of the past-producing Puffy Gold Mine ("PL Mine" or "PL Property") and interests in the adjacent Nokomis Property ("Nokomis Property") from Pioneer Metals ULC ("Pioneer"). The purchased properties and other adjacent staked properties are all located 50 km northeast of the town of Flin Flon, Manitoba. Past gold production at the PL Mine amounted to over 28,000 ounces in 1988 and 1989. Under the agreement, Minnova acquired 100% of Pioneer's interest in the PL Mine subject to a 3% Net Smelter Royalty ("NSR") that reduces to 2.5% and 2% if gold is below US\$1,000/oz. and US\$750/oz., respectively. The agreement also provided for the acquisition of Pioneer's 54% interest in the adjacent Nokomis Property. In consideration of the acquisitions, Minnova:

- made total payments of \$2.5 million; and
- issued stock to Pioneer valued at \$1.0 million.

On November 22, 2011, the Company completed the acquisition the remaining 46% minority interest in the Nokomis Property from Claude Resources Inc. ("Claude"). The Nokomis property is contiguous to the PL Mine property and hosts an NI43-101 compliant indicated resource of 40,700 oz and Inferred resources of 19,100 oz which is located less than 8 kilometres northeast of the existing PL Mine and mill infrastructure.

The contiguous PL Mine and Nokomis Properties cover an area of 4,142 hectares or ~41 km<sup>2</sup>.

### PL Gold Project

In April 2014, Minnova reported an updated NI 43-101 compliant resource estimate for the former producing PL Gold Deposit. Drilling to the end of December 2013, has resulted in optimized in-pit and underground Measured & Indicated Resource totaling 287,200 ounces gold and a total Inferred Resource of 419,500 ounces gold. The resource was been estimated by P&E Mining Consultants Inc. using the results from 327 historical drill holes by previous operators and 92 holes drilled by Minnova since December 2010.

### PL Gold Deposit, Mineral Resource Estimate April 2014

	Category	Au Cut-off g/t	Tonnes	Au g/t	Contained Au ounces
In-Pit	Measured	0.6	123,000	4.41	17,400
	Indicated	0.6	445,000	4.40	63,000
	<b>M+I</b>	<b>0.6</b>	<b>568,000</b>	<b>4.40</b>	<b>80,400</b>
	Inferred	0.6	45,000	4.87	7,000
Underground	Measured	2.5	27,000	5.12	4,500
	Indicated	2.5	1,057,000	5.95	202,300
	<b>M+I</b>	<b>2.5</b>	<b>1,084,000</b>	<b>5.93</b>	<b>206,800</b>

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	Inferred	2.5	2,135,000	6.01	412,500
Total	Measured	0.6+2.5	150,000	4.54	21,900
	Indicated	0.6+2.5	1,502,000	5.49	265,300
	M+I	0.6+2.5	1,652,000	5.41	287,200
	Inferred	0.6+2.5	2,180,000	5.99	419,500

### Notes PL and Nokomis Deposits:

1. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
2. The PL updated NI 43-101 compliant mineral resource estimate has been prepared by Mr. Eugene Puritch, P.Eng. of P&E Mining Consultants Inc.. The Nokomis NI 43-101 compliant mineral resource was prepared by Leon McGarry, B.Sc., P.Geo., of ACA Howe International Limited.
3. The NI 43-101 compliant mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
4. Grade capping of 30g/t Au was utilized on composites at the PL Gold Deposit and grade capping of 50g/t Au was utilized on raw assays at the Nokomis Gold Deposit.
5. Bulk densities of 2.72 t/m<sup>3</sup> and 2.89t/m<sup>3</sup>, respectively were used for tonnage calculations at the PL Gold Deposit and Nokomis Gold Deposits, respectively.
6. At the PL Gold Deposit open pit resources are reported within an optimized pit shell.
7. A gold price of US\$1,300/oz and an exchange rate of US\$0.97US=C\$1.00 was utilized in the Au cut-off grade calculations of 0.6 g/t open pit and 2.5 g/t underground. Open pit mining costs were C\$3.75/t for mineralized material and C\$3.00/t for waste rock while underground mining costs were C\$75/t. Process costs were C\$17/t and G&A was C\$6/t. Process recovery used was 95%.
8. Tonnes and ounces have been rounded to reflect the relative accuracy of the mineral resource estimate; therefore numbers may not total correctly.
9. Mineral Resource tonnes quoted are not diluted.
10. Mineral resources are not mineral reserves and by definition do not demonstrate economic viability. This mineral resource estimate includes inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to the measured and indicated resource categories through further drilling, or into mineral reserves, once economic considerations are applied.
11. 1 troy ounce equals 31.10348 grams.

On July 9, 2014 the Company completed a positive Updated PEA for a proposed open pit and underground mining and milling operation at the PL Mine incorporating mineral resources from the PL Gold Deposit and the satellite Nokomis Gold Deposit. A combined open pit and underground mine plan and on-site processing at a rate of up to 900 tpd were selected to improve the economics of the project.

Highlights from the Base Case study, which uses a long term gold price of US\$1,250 per ounce gold and USD:CAD exchange rate of \$1.05, include:

- Pre-tax Net Present Value ("NPV") at a 5% discount rate of \$97.7 million and an Internal Rate of Return ("IRR") of 59%;
- After-tax NPV at a 5% discount rate of \$83.3 million and IRR of 55%;
- After-tax payback of 1.5 years after plant start-up;
- 11 year mine life, mining and processing 2.5 million tonnes, averaging 6.53 grams per tonne ("g/t") gold, and producing 483,355 ounces of gold;
- Open pit production amounts to 558,000 tonnes at an average diluted grade of 4.41 g/t gold at a LOM strip ratio of 6:1, for 67,479 ounces of recoverable gold;

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- Underground production amounts to 1.98 million tonnes an average diluted grade of 7.26 g/t gold, for 415,876 ounces of recoverable gold;
- Total payable gold production of 483,355 ounces with an average Life of Mine ("LOM") cash cost of US\$798 per ounce and average AISC of US\$1,003 per ounce;
- Years 2 to 5 mill feed planned at 900 tpd to produce an average of 52,522 ounces a year at an average cash cost of US\$849 per ounce and average AISC of US\$991 per ounce;
- Years 6 to 10 mill throughput planned at 600 tpd to produce an average of 49,100 ounces a year at cash cost of US\$770 per ounce and AISC of US\$896 per ounce;
- Pre-production (years -1 and 1) capital cost of \$26.3 million including a 19% for contingency, environmental bonds and initial working capital;
- In Year 1, the projected \$12.7 million capital expenditure is partially offset by income of \$6.6 million;
- Sustaining Capital and Closure Costs of \$29.5 million over LOM

### PL Mine Property, Deferred Exploration Expenditures Summary

Exploration Expenditures	Nine months Ended December 31, 2015 \$	Year Ended March 31, 2015 \$
Beginning balance	11,907,013	10,771,273
Claim costs	1,722	-
Diamond drilling	-	-
Geology	45,344	282,965
Office and supplies	-	72,390
Mining asset retirement	(237,216)	780,385
Reversal of previous costs	(245,503)	-
Exploration expenditures	(435,653)	1,135,740
Total	11,471,360	11,907,013

The Company has provided a letter of credit in the amount of \$75,000 to the Government of Manitoba under the terms of the Closure plan on the PL Mine property. The Company further provided all assets, goods and personal property involved in the operation of the PL property, as a security of up to \$5,000,000 for the performance of the Closure plan and the rehabilitation program.

The Company's provision for closure and reclamation costs are based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be \$3,520,116 at December 31, 2015, based on a total future liability of approximately \$3,073,160 and at an inflation rate of 1.9% and a discount rate of 1.39%. Reclamation is expected to occur in approximately 10 years following the start of operations.



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The following is an analysis of the asset retirement obligation:

	Nine months Ended December 31, 2015 \$	Year Ended March 31, 2015 \$
Beginning balance	3,717,144	2,886,576
Effect of changes in discount rate	(237,217)	780,385
Accretion incurred in the current period	40,189	50,183
Expenditure for the period	(197,028)	830,568
Total	3,520,116	3,717,144

### Nokomis Property

The October 2011, agreement with Pioneer provided for the acquisition of Pioneer's 54% joint venture interest in the Nokomis property. This property comprises approximately 2,200 hectares and is located north east of, and is contiguous with, the PL Mine property.

On November 22, 2011, the Company completed the acquisition of the remaining 46% minority interest in the Nokomis property from Claude. Under the terms of acquisition, the Company issued to Claude, 3,428,572 common shares of the Company.

On November 22, 2011, the Company completed the acquisition of the remaining 46% minority interest in the Nokomis property from Claude. Under the terms of acquisition, the Company issued to Claude, 342,857 common shares of the Company.

During the year ended March 31, 2014, the Company completed a surveyed the collars for drill holes that were drilled in fiscal 2012. The geology of the property was also reviewed and re-interpreted by examination and re-logging of previously drilled holes. As such expenditures were relatively low for the year ended March 31, 2013.

Drilling by the Company and previous operators supported an initial NI 43-101 resource estimate for the Nokomis Deposit that was published on April 17, 2014.

### Nokomis Gold Deposit, Mineral Resource Estimate April 2014

	Category	Au Cut-off g/t	Tonnes	Au (g/t)	Contained Au ounces
In-Pit	Indicated	0.6	371,000	3.41	40,700
	Inferred	0.6	247,000	2.41	19,100

See Resource Estimate Notes above.

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On July 9, 2014 the Company completed a positive Updated PEA for a proposed open pit and underground mining and milling operation at the PL mine incorporating mineral resources from the PL Gold Deposit and the satellite Nokomis Gold Deposit. A combined open pit and underground mine plan and on-site processing at a rate of up to 900 tpd were selected to improve the economics of the project. The Nokomis Deposit is scheduled to come into production in year 3 of the mine life and contribute approximately 28,000 ounces of gold production until depletion in year 5. Minnova has not initiated the permitting process for the proposed Nokomis pit production but anticipates it can successfully permit the satellite deposit production as outlined in the Updated PEA.

### Nokomis Property Deferred Exploration Expenditures Summary

	Nine months Ended December 31, 2015 \$	Year Ended March 31, 2015 \$
<b>Exploration Expenditures</b>		
<b>Beginning balance</b>	<b>2,447,341</b>	<b>2,447,341</b>
Diamond drilling	-	-
Geology	45,000	40,652
Office and supplies	-	-
Travel & accommodation	-	-
<b>Exploration expenditures</b>	<b>45,000</b>	<b>40,652</b>
<b>Total</b>	<b>2,532,993</b>	<b>2,487,993</b>

### Selected Quarterly Information

Three Months Ended	Net Revenues (\$)	Net Income (Loss)		Total Assets (\$)
		Total (\$)	Per Share (Basic and Diluted) (\$)	
2015-December 31	-	(149,909)	(0.01)	15,161,001
2015-September 30	-	(149,002)	(0.01)	14,502,242
2015-June 30	-	(158,370)	(0.01)	14,744,883
2015-March 31	-	(44,958)	(0.00)	14,963,370
2014-December 31	-	(149,837)	(0.01)	14,626,650
2014-September 30	-	(427,667)	(0.03)	14,571,104
2014-June 30	-	(268,962)	(0.02)	14,349,847
2014-March 31	-	(534,823)	(0.06)	14,155,568
2013-December 31	-	(144,659)	(0.02)	13,829,058

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## **Results of Operations**

### **Nine months Ended December 31, 2015, compared with Nine months Ended December 31, 2014**

Minnova's net loss totalled \$457,281 for the nine months ended December 31, 2014, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$846,466 with basic and diluted loss per share of \$0.06 for the nine months ended December 31, 2014. The decrease of \$389,185 in net loss was principally due to:

- \$nil Stock-based payments during the nine months ended December 31, 2015 while there were \$299,513 in Stock-based payments recorded during the nine months ended December 31, 2014.
- \$nil losses on debts settled with shares versus \$100,000 losses on debts settled with shares in comparative period.
- General and Administrative expenses for the nine months ended December 31, 2015 decreased to \$67,184 from \$138,661 for the nine months ended December 31, 2014. The \$71,477 decrease in expenditures was related to a reduced level of project activity and miscellaneous expenses and in turn management oversight.
- Professional and consulting fees for the nine months ended December 31, 2015, increased to \$89,176, compared to \$80,061 for the nine months ended December 31, 2014. The increase of \$9,115 was due to increased fees to the auditors and legal fees.

### **Three Months Ended December 31, 2015, compared with Three Months Ended December 31, 2014**

Minnova's net loss totalled \$149,909 for the three months ended December 31, 2015, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$149,837 with basic and diluted loss per share of \$0.01 for the three months ended December 31, 2014. The increase of \$72 in net loss was principally due to:

- General and Administrative expenses for the three months ended December 31, 2015 decreased to \$24,210 from \$41,375 for the three months ended December 31, 2014. The \$17,165 decrease in expenditures was related to a reduced level of project activity and miscellaneous expenses and in turn management oversight.
- Higher Management and Consulting fees for the three months ended December 31, 2015, of \$47,000 and \$26,584, respectively as compared to \$37,000 and \$23,537, respectively for the three months ended December 31, 2014 resulted in net increase of \$13,047.

## **Liquidity and Capital Resources**

This section should be read in conjunction with the unaudited condensed interim statements of financial position for the three and nine months ended December 31, 2015, and the corresponding notes thereto.

The activities of the Company are principally the acquisition and exploration of mineral properties. The Company's financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company currently has no revenue to finance its operations. It is therefore required to fund its activities through the issuance of equity securities and other financing alternatives. The Company's ability to continue as a going concern is therefore dependent upon its ability to raise funds.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$8,065,172. As at December 31, 2015, the Company had cash of \$544,507 and current liabilities of \$3,665,915.

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To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that there are sources of financing available; however, there can be no assurance that the Company will be successful in its future fund-raising activities. See "Risks and Uncertainties" below.

The Company relies on issuance of equity securities and alternative sources of financing, if required, to maintain adequate liquidity to support its ongoing working capital commitments. The following table is a summary of quantitative data about what the Company manages as capital:

	<b>December 31, 2015 \$</b>	<b>March 31, 2015 \$</b>	<b>Change \$</b>
Cash and cash equivalent (overdraft)	544,507	79,819	464,688
Share capital	14,880,058	14,105,280	774,778
Share based payment reserve	1,160,084	1,193,017	(32,933)
Deficit	(8,065,172)	(7,714,241)	(350,931)

The Company monitors these items to assess its ability to fulfill its ongoing financial obligations, including its flow-through obligations and its exploration program. To manage the Company's capital, given the recent economic conditions, management has streamlined operational costs and is preserving cash to the extent possible, while exploring means of raising additional funds as and when required.

As at December 31, 2015, the Company had working capital deficit of \$2,846,761 compared to working deficit of \$3,441,527 as at March 31, 2015. Management believes that additional financing will be available to discharge current liabilities.

Amounts receivable were \$183,861 at December 31, 2015, and consisted of HST/GST input tax credit claims compared to \$139,336 as at March 31, 2015. The increase is mainly due to higher HST/GST input tax credit claims related to the increase in operating expenditures. Amounts payable and accrued liabilities, which are expected to be paid in the normal course of business, were collectively \$2,136,297 at December 31, 2015, compared to \$2,202,104 at March 31, 2015.

### **Cash used in operating activities**

Cash used in operating activities was \$251,940 for the nine months ended December 31, 2015, compared to cash used in operating activities of \$245,833 for the nine months ended December 31, 2014. The increase of \$6,107 in cash used in operating activities is due to higher payments of accounts payable and accrued liabilities during the nine months ended December 31, 2015.

### **Cash used in investing activities**

Cash used in investing activities was \$49,082 for the nine months ended December 31, 2015, compared to cash used in investing activities of \$115,521 for the nine months ended December 31, 2014. The decrease of \$66,439 in cash used in investing activities is due to lower expenditures in exploration properties and deferred exploration expenditures.

### **Cash from financing activities**

During the nine months ended December 31, 2015 the Company had proceeds of \$823,809 from issuance of Flow-through common shares and Common share units offset by transaction costs of \$58,099. There were no financing activities during the nine months ended December 31, 2014.

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### Shares Issued and Outstanding

As of December 31, 2015, the issued and outstanding common shares of the Company totalled 18,117,153 and an aggregate of 524,250 share purchases warrants outstanding, each entitling the holder to acquire one common share of Minnova Corp. In addition, a total of 1,480,000 stock options have been granted to purchase common shares of the Company.

As of the date of this MD&A, share purchase warrants consisted of:

Number of Warrants Outstanding	Exercise Price (\$)	Expiry date
150,000	10.00	January 30, 2017
110,650	.40	October 29, 2017
161,300	.40	November 5, 2017
43,800	.40	November 12, 2017
58,500	0.39	December 31, 2017
524,250		

As of the date of this MD&A, stock options consisted of:

Number of Stock Options Outstanding	Exercise Price (\$)	Expiry date
125,000	2.50	August 29, 2017
600,000	0.38	January 27, 2019
30,000	0.45	April 17, 2019
725,000	0.40	September 26, 2019
1,480,000		

### Financings

Please refer to Corporate Development section on page 2 for financings completed during the quarter.

### Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) The Company entered into the following transactions with related parties:

	Three Months ended December 31,		Nine months ended December 31,	
	2015 \$	2014 \$	2015 \$	2014 \$
Irwin Lowy LLP <sup>(i)</sup>	4,655	12,406	39,849	43,482

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- (i) A director of the Company is a partner at Irwin Lowy LLP, a law firm, and the fees relate to professional services provided by the firm. As at December 31, 2015, the Company owed \$54,675 (March 31, 2015 - \$20,745) to this firm and this amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

- (b) Remuneration of Directors of the Company was as follows:

Directors	Three Months Ended December 31, 2015			Three months Ended December 31, 2014		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Gorden Glenn	5,000	-	5,000	5,000	-	4,000
Brian Robertson	4,000	-	4,000	4,000	-	4,000
Chris Irwin	4,000	-	4,000	4,000	-	4,000
James White	4,000	-	4,000	4,000	-	5,000
<b>Total</b>	<b>17,000</b>	<b>Nil</b>	<b>17,000</b>	<b>17,000</b>	<b>Nil</b>	<b>17,000</b>

Directors	Nine months Ended December 31, 2015			Nine months Ended December 31, 2014		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Gorden Glenn	15,000	-	15,000	14,500	-	14,500
Brian Robertson	12,000	-	12,000	12,000	-	12,000
Chris Irwin	12,000	-	12,000	12,000	-	12,000
James White	12,500	-	12,500	12,500	-	12,500
<b>Total</b>	<b>51,000</b>	<b>Nil</b>	<b>51,000</b>	<b>51,000</b>	<b>Nil</b>	<b>51,000</b>

Director fees - the board of directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

- (c) Remuneration key management personnel of the Company were as follows:

Officers	Three Months Ended December 31, 2015			Three Months Ended December 31, 2014		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$

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Gorden Glenn – CEO	60,000	-	60,000	40,000	-	40,000
Brian Robertson	-	-	-	-	-	-
Chris Irwin – Interim CFO	-	-	-	-	-	-
James White	-	-	-	-	-	-
<b>Total</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>	<b>40,000</b>	<b>Nil</b>	<b>40,000</b>

Officers	Nine months Ended December 31, 2015			Nine months Ended December 31, 2014		
	Fees \$	Stock Options \$	Total \$	Fees \$	Stock Options \$	Total \$
Gorden Glenn – CEO	180,000	-	180,000	160,000	75,943	235,943
Brian Robertson	-	-	-	-	29,753	29,753
Chris Irwin – Interim CFO	-	-	-	-	29,753	29,753
James White	-	-	-	-	29,753	29,753
<b>Total</b>	<b>180,000</b>	<b>-</b>	<b>180,000</b>	<b>160,000</b>	<b>165,202</b>	<b>325,202</b>

Salaries and benefits - officers are entitled to stock options, consulting fees and salaries and benefits where employment or service contracts are in place with the Company for their services.

During the quarter ended December 31 2015 cash fees (inclusive of HST) paid to a corporation controlled by the CEO of the Company were \$22,600 compared to \$22,600 for the quarter ended December 31, 2014 and the balance of the contracted amounts have been accrued. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

## Significant Accounting Judgments and Estimates

The preparation of the unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

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### **Assets' Carrying Values and Impairment Charges**

In the determination of carrying values and impairment charges, management looks at the higher of the recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

### **Capitalization of Exploration and Deferred Exploration Expenditure**

Management has determined that exploration properties and deferred exploration expenditure incurred during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 6 to the unaudited condensed interim financial statements of the Company for the three and nine months ended December 31, 2015 for details of capitalized exploration properties and deferred exploration expenditure.

### **Mineral Reserve Estimates**

The figures for mineral reserves and mineral resources are determined in accordance with NI 43 101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

### **Impairment of Exploration Properties and Deferred Exploration Expenditures**

While assessing whether any indications of impairment exist for exploration properties and deferred exploration expenditures, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties and deferred exploration expenditures. Internal sources of information include the manner in which exploration properties and deferred exploration expenditures are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after tax cash flows expected to be derived from the Company's exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write down of the carrying amounts of the Company's exploration properties and deferred exploration expenditures.

### **Estimation of Decommissioning and Restoration Costs and the Timing of Expenditures**

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or



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similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

### **Income Taxes and Recoverability of Potential Deferred Tax Assets**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

### **Share Based Payments**

Management determines costs for stock-based payments using market based valuation techniques. The fair value of the market based and performance based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

### **Change in Accounting Policies**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2014. The following new standards have been adopted:

(i) IAS 32 – Financial Instruments: Presentation was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. At April 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim financial statements.

(ii) IAS 36 – Impairments of Assets was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. At April 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim financial statements.

(iii) IAS 39 – Financial Instruments: Recognition and Measurement was amended by the IASB in September 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. At April 1, 2014,

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the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim financial statements.

## **Changes in Accounting Policies**

### **Future Accounting Changes**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after April 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

## **Financial Instruments**

There have been no changes to the risk objectives, policies and procedures from the previous period. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### **Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable and restricted cash equivalents. Restricted cash equivalents consists of a GIC which have been invested with a reputable Canadian financial institution. The Company does not hold any non-bank asset backed commercial paper and management believes the risk of loss is remote. Management believes that the credit risk concentration with respect to its financial instruments is remote.

### **Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2015, the Company did not have sufficient cash and cash equivalents to settle current liabilities of \$2,846,761. Management believes that additional financing (see “Financings” above) will be available to discharge current liabilities. Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Interest Rate Risk**

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Currently, the Company does not hedge against interest rate risk.

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### **Foreign Currency Risk**

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small, and therefore, does not hedge its foreign exchange risk.

### **Commodity Price Risk**

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to precious and base metals to determine the appropriate course of action to be taken by the Company.

### **Managing Capital**

The Company manages its capital with the following objectives:

- to ensure sufficient flexibility to achieve the ongoing business objectives including funding of future resource based exploration and investment initiatives; and,
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties for the mining of gold, nickel and copper. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be total shareholders' equity (managed capital) which at December 31, 2015, totaled \$7,974,970 (March 31, 2015 - \$7,584,056).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, as well as other investing and financing activities. The forecast is regularly updated based on activities related to the acquisition, exploration and development of its mineral properties. The Board of Directors regularly reviews the Company's capital management approach. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended December 31, 2015.

The Company is not subject to any capital requirements imposed by a lending institution.

### **Commitments and Contractual Obligations**

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to cleanup costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and

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employees. The Company has not determined, and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take. The Company has provided a letter of credit in the amount of \$75,000 to the Government of Manitoba under the terms of the Closure Plan on the PL property. The Company further provided all assets, goods and personal property involved in the operation of the PL property, as a security of up to \$5,000,000 for the performance of the Closure Plan and the rehabilitation program.

The Company has fulfilled its commitment related to the flow-through funding agreements that were completed during fiscal 2014. The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

The following table sets out as at December 31, 2015, the Company's known contractual obligations and the estimate time horizon for their repayment.

Contractual Obligations	Payments due by period				
	Total	<1 year	1-3 years	3-5 years	>5 years
Closure and reclamation	3,520,116	-	-	-	3,520,116
Total	3,520,116	Nil	Nil	Nil	3,520,116

## **Risks and Uncertainties**

### **Mining Industry**

The exploration for, development and mining of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, and metal prices which are highly cyclical, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company's activities are directed towards the extraction of ore and the search, evaluation, development and mining of future mineral deposits. Several of the mineral properties in which the Company has an interest contain no known body of commercial ore and any exploration programs thereon are exploratory searches for ore, while other properties in which the Company has an interest are subject to preliminary stages of exploration and development programs only. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of further commercial quantities of ore.

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than Minnova will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

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### **Government Regulation**

The exploration and development activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration and development activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and development, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Permits and Licenses**

Mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to the Company or, if they are issued, that they will be renewed, or that the Company will be in a position to comply with all conditions that are imposed. Nearly all mining projects require government approval. There can be no certainty that these approvals will be granted to the Company in a timely manner, or at all.

### **Environmental Risks and Hazards**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Production at mineral properties may involve the use of dangerous and hazardous substances. While all steps will be taken to prevent discharges of pollutants into

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the ground water and the environment, the Company may become subject to liability for hazards that cannot be insured against.

### **Commodity Prices**

The future profitability of the Company will be directly related to the market price of metals. Metal prices fluctuate considerably and are affected by numerous factors beyond the Company's control, such as industrial demand, inflation and expectations with respect to the rate of inflation, the strength of the U.S. dollar and of other currencies, interest rates, forward sales by producers, production and cost levels and changes in investment trends. If these prices were to decline significantly or for an extended period of time, the Company might be unable to continue its operations, develop its properties or fulfill its obligations under its agreements with its partners or under its permits and licenses. As a result, the Company might lose its interest in, or be forced to sell, some of its properties. In the event of a sustained, significant drop in metal prices, the Company may be required to re-evaluate its assets, resulting in reduced estimates of reserves and resources and in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. Furthermore, since metal prices are established in US dollars, a significant increase in the value of the Canadian dollar relative to the US dollar, coupled with stable or declining metal prices, could adversely affect the Company's results with respect to development of, and eventual sale of these metals.

### **Failure to Achieve Exploration Target and Cost Estimates**

The Company prepares future exploration and capital cost estimates. Actual exploration and costs may vary from the estimates for a variety of reasons such as adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in development capabilities. Exploration and development costs may also be affected by increased mine development costs, increases in drilling costs, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve exploration and development targets or cost estimates could have a material adverse impact on our cash flow and overall financial performance.

### **Share Price Fluctuations**

The market price of securities of many companies experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in Minnova's share price will not occur.

### **Conflicts of Interest**

Certain directors of the Company also serve as directors and/or significant shareholders of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors to be in a position of conflict. In the event that a director or executive officer has a material interest in any transaction being considered by the Company, any such conflict will be subject to and governed by procedures prescribed by the Business Corporations Act (Ontario) (the "OBCA") which require a director or officer of a corporation experiencing such a conflict to disclose his interest and refrain from voting on any such matter unless otherwise permitted by the OBCA. In addition, Section 134 of the OBCA provides that every director must act honestly and in good faith with a view to the best interests of the Company. Section 134 is a formalization of the fundamental fiduciary duty that a director has to the corporation and encompasses, among other obligations, a duty of loyalty and a duty of confidentiality. As a fiduciary, a director may not interfere with, or take advantage of, any opportunities that rightfully belong to the Company. That a director may represent a specific shareholder of the Company does not relieve the director from fulfilling his fiduciary duty to the Company. If such director was to take any action which preferred the interests of a third party to the interests of the Company, such director would be liable to the company for a breach of his fiduciary duty, regardless of any legal duties which such director may have to the third party.

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### **Land Title**

Although title to the Company's mineral properties has been reviewed by or on behalf of the Company and title opinions were delivered to the Company, no assurances can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Canada, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of all the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate the properties as permitted or to enforce its rights with respect to its properties.

### **Requirement of Additional Financing**

The continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing or the joint venturing of projects or other means. No assurance can be given that the Company will be successful in obtaining the required financing on acceptable terms, if at all.

### **Dependence on Personnel**

The Company's ability to manage growth effectively will require the Company to continue to implement and improve the Company's management systems and to recruit and train new employees. Although the Company has done so in the past, the Company cannot assure that it will be successful in attracting and re-training skilled and experienced personnel.

### **Off Balance Sheet Items**

There are no off balance sheet items.

### **Outlook**

Minnova remains committed to the future re-start of gold production from the PL and Nokomis Gold Deposits but only under circumstances that minimize risk and maximize shareholder value. In July 2014 we achieved a major milestone with the completion of an Updated PEA. The study confirmed management's expectations that the PL Mine is a robust project with a low initial capital requirement, low cash operating costs, quick payback and a plus 10 year mine life. With this study in hand we have actively pursued financing to advance the project to re-start gold production. We are actively engaged in discussions with existing supportive shareholders, new investors and lenders to identify the optimal funding structure for the project.

Beyond the priority re-start of gold production at the PL Mine management and the board of directors believe we are now in a position to seek out other resource projects meeting our risk/reward criteria. Our success in reducing our overhead costs and re-directing all available investor funding into the ground to advance our projects has been positively received by existing shareholders and new investors alike. Our business model is committed to putting shareholder returns first and we are actively seeking other advanced, development stage – low capex, resource projects that we can apply our business model to.

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### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and Interim Chief Financial Officer ("Interim CFO"), on a timely basis so that appropriate decisions can be made to facilitate full and timely disclosure to the public.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted March 31, 2015, by and under the supervision of management, including the CEO and Interim CFO. Based on this evaluation, the CEO and Interim CFO have concluded that disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time periods specified in those rules.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Company has reviewed this MD&A, and the unaudited condensed interim financial statements for the three and nine months ended December 31, 2015, and the board of directors approved these documents prior to their release.

### Additional Disclosure

	Three Months Ended December 31,		Nine months Ended December 31,	
	2015 \$	2014 \$	2015 \$	2014 \$
Business development	12,562	-	25,575	25,500
Office and general	6,456	43,066	19,355	80,414
Shareholder information	1,477	(1,693)	4,216	11,111
Stock exchange and transfer agent fees	3,715	2	18,038	9,162
Travel	-	-	-	11,974
Part XII.6 tax	-	-	-	500

*"Signed Gorden Glenn"*

Gorden Glenn  
Chief Executive Officer

December 31, 2015.

*"Signed Christopher Irwin"*

Christopher Irwin  
Interim Chief Financial Officer