HANNAN METALS LTD.

(formerly Mitchell Resources Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2016

The following management's discussion and analysis ("MD&A") and financial review, prepared as at January 25, 2017, should be read in conjunction with the unaudited condensed interim financial statements and related notes for the six months ended November 30, 2016 of Hannan Metals ltd. (*formerly Mitchell Resources Ltd.*) ("Hannan" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

Forward-looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement it business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

Company Overview

The Company currently is a reporting issuer in British Columbia and Alberta. On July 6, 2016 the Company completed a consolidation of its share capital on a one new for two old basis. All share and per share amounts have been adjusted within this MD&A to reflect the share consolidation. On January 10, 2017 the Company changed its name from Mitchell Resources Ltd. to Hannan Metals Ltd. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol "HAN". The Company's principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of mineral properties. On November 4, 2016 the Company entered into an agreement to acquire prospecting licenses in Ireland. On January 9, 2017 the Company completed the acquisition. See "Acquisition of Hannan Canada" below.

Board of Directors and Officers

On December 13, 2016, the shareholders of the Company re-elected Messrs. Nick DeMare, David Henstridge, Harvey Lim and Michael Iannacone as directors of the Company. Following the shareholders meeting, the Board appointed Mr. DeMare as President and Chief Executive Officer ("CEO"), Mr. Lim as Chief Financial Officer ("CEO") and Ms. Mariana Bermudez as Corporate Secretary.

On January 9, 2017 (concurrent with the closing of the Acquisition), Mr. Michael Hudson was appointed as a director of the Company and the Company's Chairman, and CEO. During the last 26 years Mr. Hudson has developed and financed mineral exploration properties worldwide. He graduated from the University of Melbourne in 1990 with a B.Sc. (Hons 1st) in Geology and more recently received the Tolhurst Noall Prize for "Mining Investment Analysis" in Victoria, Australia for the FINSIA Graduate Diploma. Starting his career in Broken Hill in 1990 underground for three years with Pasminco Ltd, the largest global integrated zinc producer during the 1990's, he spent ten years exploring or developing zinc-lead projects world-wide from exploration to pre-feasibility projects in Pakistan, Australia and Peru. Moving into the Canadian capital markets 16 years ago, he has raised more than US $100,000,000 for primarily European focussed exploration and project development in Finland, Spain, Portugal, Sweden and Ireland. Discoveries or projects significantly advanced include: Broken Hill (The Pinnacles and Western A-Lode - Zinc, Lead), Pakistan (Duddar - Zinc), Peru (Accha - Zinc, Bongara - Zinc), Olary (Portia - Gold, Benagerie Ridge - Copper-Gold), Sweden (Norra Kärr - Heavy Rare Earths) and Finland (Rompas - Gold). Since 2004 has headed Mawson Resources Ltd (TSX:MAW) as founding Chairman, CEO and Director. He is also a founder and Chairman of Leading Edge Materials (TSXV:LEM) a critical metals company in Sweden. He is a Fellow of the Australasian Institute of Mining and Metallurgy and Member of both the Society for Economic Geologists and Australian Institute of Geoscientists.

On January 17, 2017 the Company appointed Mr. Lars Dahlenborg as Vice President of Exploration ("VP Exploration"). Mr. Dahlenborg obtained his MSc geology from Lund University in Sweden and is a Member of the Australian Institute of Geoscientists. He has over 10 years of global experience in exploration from Sweden, Finland and Peru. He began his career as an underground geologist at LKAB in Kiruna, Sweden. For the last ten years, he has worked as an exploration geologist in Sweden, Finland and Peru and has contributed significantly to the advancement on several recent discoveries such the Rompas-Rajapalot gold project in northern Finland and the Norra Karr HREE deposit in Southern Sweden, and most recently has been providing advisory services to the Company in regards to the initial work programs at Kilbricken.

Acquisition of Hannan Canada

Acquisition Agreement

On November 4, 2016 the Company entered into an agreement (the "Share Purchase Agreement") with the shareholders of Hannan Metals BC Ltd. ("Hannan Canada"), a private British Columbia company, to acquire all of the issued and outstanding shares of outstanding shares of Hannan Canada (the "Acquisition") for nominal cash consideration of $20 and the assumption of all debts owed by Hannan Canada and its wholly-owned subsidiary, Hannan Metals Ireland Limited ("Hannan Ireland").

Hannan Ireland is the registered holder of a 100% interest in seven prospecting licences located in County Clare, Ireland (the "Licences"), which were acquired by Hannan Ireland effective September 21, 2016 pursuant to an Assignment Agreement dated September 21, 2016 (the "Assignment Agreement"). Under a separate asset purchase agreement dated June 3, 2016 (the "Asset Purchase Agreement") between Hannan Ireland and Lundin Mining Exploration Limited ("Lundin"), Hannan Ireland purchased all exploration data associated with the Licences from Lundin for a cash payment of US $150,000 and must make two additional cash payments to Lundin of US $425,000 on each of September 21, 2017 and March 21, 2018. Pursuant to the Asset Purchase Agreement, Hannan Ireland is required to pay Lundin a one-time bonus payment of US $5,000,000 within the earlier of (i) Hannan Ireland's decision to proceed with mine construction or (ii) within 90 days of the establishment of a commercial financing to finance capital costs for mine construction. Additionally, Hannan Ireland will be required to pay a one-time cash fee of US $2,000,000 less cash payments already made to Lundin, if it transfers its rights to the Licences to an arm's length party (which excludes the Company) for US $10,000,000 or greater within 18 months of the execution of the Asset Purchase Agreement. Pursuant to a royalty agreement dated June 3, 2016 (the "Royalty Agreement") between Hannan Ireland and Lundin, Lundin retained a 2% net smelter return royalty (the "'NSR") on all sales of mineral products extracted from the area of land subject to the Licences, subject to a 0.5% buy back right of Hannan Ireland for US $5,000,000, which must be exercised within one year from the date of commercial production (the "Buy-Back Option").

On January 9, 2017 the Company closed the Acquisition and the Company acquired a 100% interest in the Licences and the Company assumed all obligations of Hannan Canada and Hannan Ireland.

Clare Project

The Clare Project consists of seven prospecting licences ("PLs") and two PL applications for a total of 32,223 hectares located in County Clare, Ireland, the western edge of which is 1.5 km east of the town of Ennis. PLs 3509, 3640, 3643, 3679, 3787, 3788 and 3789, are granted and issued by the Exploration and Mining Division ("EMD") of the Department of Communications, Climate Action and Environment while PLs 3508 and 3642 remain under application. All prospecting licences of the Clare Property are 100% owned by Hannan Ireland.

The Irish base metal ore field is one of the world's best mineralized zinc provinces and is considered highly prospective for new zinc discoveries. In 2015, Ireland was the world's 10th largest zinc producing nation with 230,000 tonnes produced.

The Clare Project is underlain by Upper Devonian (sandstones) to Lower Carboniferous (sandstones and limestones) rocks. The stratigraphy appears simple; beds are the right way up and most of the major units are consistent in thickness across the property, however syn-rift and/or later structures appear to complicate the geological framework. The stratigraphic succession of the Irish Lower Carboniferous is well constrained throughout, with the exception of the uppermost units. The axis of an open syncline runs southwest-northeast through the centre of the Clare Project. Beds dip at between 10 and 15 degrees towards the centre of the syncline. The Lower Carboniferous sequence includes the Waulsortian Limestone, which hosts most of Ireland's important zinc-lead sulphide deposits, such as the Lisheen (pre-mining resource 18.9 Mt @ 15.0% Zn+Pb) and Galmoy (pre-mining resource of 6.2 Mt @ 12.4% Zn+Pb) deposits. This data has been sourced from the Irish Exploration, Mining Division website http://www.mineralsireland.ie/. The Company has been unable to independently verify the information and states that the information is not necessarily indicative of the mineralization on the Clare Project that is the subject of the technical report.

The Clare Project has a rich history of small scale 19th century mining. Modern exploration efforts from the early-1960's, by Irish Base Metals, Rio-Finex, Central Mining Finance, Billiton and Belmore Resources Ltd followed up some of these earlier historic mines.

There are two known Waulsortian-hosted zinc-lead deposits on the property, the flagship Kilbricken prospect (see below) and the smaller Milltown prospect, where Belmore Resources Ltd ("Belmore") intersected 13.3m @ 5.8% Pb and 10.5% Zn from 45.4 metres in drill hole 3788/19 in 1994. The lowest part of the sequence is also prospective for copper-silver mineralization and contains numerous copper showings, most notable at Ballyvergin where Irish Base Metals drilled hole BV11 which intersected 31.5m @ 1.0% Cu from 51.7 metres in the 1960s. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

Significant historic exploration on the Clare Project has concentrated on three project areas and on identifying other areas of the Clare Project which have the potential to warrant similar investigation. The project areas are:

- Kilbricken
- Ballyvergin
- Kilmurry

In 2008, Belmore, a private Irish company, drill tested the base of the Waulsortian Limestone beneath near-surface sulphidic and calcite veined shelf carbonates at the historic Kilbricken lead mine. The discovery drillhole at Kilbricken, DH04, intersected 10m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, and 62.8g/t Ag from 448.1 metres at the targeted base of Waulsortian Limestone. Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted is interpreted to be approximately 95% of the sampled thickness.

After this initial discovery, Lundin joint ventured Kilbricken and the wider tenure package from Belmore. In 2011, Lundin purchased 100% of Belmore. Drilling by Lundin from 2009 to 2012 continued to intersect sulphide mineralization in the hanging wall of the Main Kilbricken fault. Significant intersections from Lundin's drilling programs are shown in Table 1.

Table 1: Kilbricken Better Mineralized Drill Intersections.

Hole ID	Mineralized Intersection
DH46	20.5m @ 7.5% Zn, 9.9% Pb, 0.07% Cu, 74.6g/t Ag from 415.3m
DH06	21.3m @ 11% Zn, 4.8% Pb, 0.06% Cu, 94.4g/t Ag from 441.9m
DH50	11.8m @ 9.8% Zn, 5.7% Pb, 0.07% Cu, 178.2g/t Ag from 484.6m
DH43	9.4m @ 4.1% Zn, 12% Pb, 0.52% Cu, 242.8g/t Ag from 442.1m
DH04	10.0m @ 13.8% Zn, 5.5% Pb, 0.08% Cu, 62.8g/t Ag from 448.1m
DH52	19.3m @ 7.2% Zn, 1.2% Pb, 0.18% Cu, 64.6g/t Ag from 425.7m
DH44	17.2m @ 2.9% Zn, 4.4% Pb, 0.11% Cu, 83.5g/t Ag from 447.9m
DH167	4.5m @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616.5m
DH161	10.4m @ 8.4% Zn, 3.9% Pb, 0.09% Cu, 26.5g/t Ag from 607m
DH206	10.0m @ 0.9% Zn, 8.7% Pb, 0.16% Cu, 90.7g/t Ag from 619m
DH111	4.1m @ 21.5% Zn, 5.7% Pb, 0.1% Cu, 95.4g/t Ag from 447.6m

The main Kilbricken mineralization has been drilled within an area of 1,500 metres by 800 metres in plan view and remains open in most directions. Mineralization, defined as ≥ 4.0m @ ≥4.00% Zn Eq or 16m% Zneq where Zn Eq = Zn% +(Pb% x 1.15) + (Ag ppm x 0.037917), ranges in thickness from 2 metres to 31 metres thick and averages 7.5 metres thickness.

Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized intervals quoted in Table 1 are interpreted to be approximately 95% of the sampled thickness.

Two main mineralized zones have been discovered to date:

- The Zinc Zone, being the initial discovery area, which has been drilled within an area of 950 metres by 400 metres, between 360-440 metres vertically below surface. Significant drill results in this zone include DH46: 20.5m @ 7.5% Zn, 9.9% Pb, 0.07% Cu, 74.6g/t Ag from 415.3m and DH06: 21.3m @ 11% Zn, 4.8% Pb, 0.06% Cu, 94.4g/t Ag from 441.9m.
- The Copper Zone was found later in the Lundin program and is drilled within an area of 400 metres by 200 metres, between 520-670 metres vertically below surface. Significant drill results in the Copper Zone include DH167: 4.5m @ 0.8% Zn, 2.6% Pb, 18.91% Cu, 867.6g/t Ag from 616 metres.

Given the general flat lying and stratabound nature of mineralization and steep angles of all drillholes mentioned, the true thickness of the mineralized interval quoted is interpreted to be approximately 95% of the sampled thickness.

Lundin completed significant work on the property. A total of 278 drillholes for 134,000 m of diamond drilling was completed over the entire project. A total of 222 drill holes for 118,000 metres were drilled at the Kilbricken area. Lundin also undertook regional exploration in the remainder of the Clare Project, largely focussed on other Waulsortian-hosted zinc-lead prospects. Lundin carried out 616 metres of drilling at the Ballyvergin prospect with the objective of discovering additional zones of copper-silver mineralization. Lundin drilled a total of 2,370 metres on the Kilmurry Project, located within the Clare Project area, 9 kilometres south-east of Kilbricken. In addition, significant surface geochemical and multiple geophysical surveys have been undertaken by Lundin and previous operators on the Clare Project area. Of note are a 3D seismic survey over the main Kilbricken mineralization in 2011, and 2D seismic survey conducted in 2012 that consisted of 8 traverses (3-3.5 km long) over a total 10 kilometre strike length, spaced between 1-2 kilometre across the regional Kilbricken extensions.

Massive sulphide mineralization at Kilbricken most commonly consists of early massive-textured, fine-grained pyrite, galena and sphalerite cross-cut by coarse-grained sphalerite and galena, resembling sulphides found in the overlying veins. It differs from most other Irish zinc/lead prospects in that it is rich in silver, where the silver is generally associated with galena-rich zones.

The Kilbricken Project is considered to be highly prospective for discovering and developing important zinc-lead-silver sulphide deposits. The Kilbricken deposit, as currently delineated, is open along strike and both in an up-drip and down-dip direction. All projects on the Clare Project are at an exploration stage; there are no mine development or mining operations.

Readers are encouraged to review the NI 43-101 Technical Report for the Clare Project, dated December 23, 2016, available on the on the SEDAR website at www.sedar.com or the Company's website at www.hannanmetals.com. The Technical Report was authored by Dr. John Colthurst, PGeo, EurGeol, who is an independent "qualified person" as defined by National Instrument 43-101.

Hannan is currently focussing on 3D compilation of geological and geophysical datasets to create a basinal to local scale structural and stratigraphic model. A re-interpretation of 2D and 3D seismic data, gravity, magnetics is underway with concurrent structural and geological re-interpretation with in-house geologists and contractors. The creation of an initial resource is planned, followed by diamond drilling, further seismic surveying and metallurgical test work.

Qualified Person

The qualified person for Hannan's projects, Mr. Michael Hudson, the Company's Chairman and CEO, a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected quarterly financial information is derived from the unaudited condensed interim financial statements of the Company and prepared using IFRS.

	Fiscal 2017		**Fiscal 2016**				**Fiscal 2015**	
Three Months Ended	**Nov 30/16 $**	**Aug 31/16 $**	**May 31/16 $**	**Feb 29/16 $**	**Nov 30/15 $**	**Aug 31/15 $**	**May 31/15 $**	**Feb 28/15 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(129,868)	(32,346)	(17,705)	(47,399)	(25,269)	(32,593)	(24,000)	(22,001)
Other Items	(6,588)	(6,909)	(6,879)	(6,790)	(6,837)	(6,944)	(4,192)	(47,277)
Net loss	(136,456)	(39,255)	(24,584)	(54,189)	(32,106)	(39,537)	(28,192)	(69,278)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
Statement of Financial Position:								
Working capital (deficiency)	(23,003)	(142,782)	(110,527)	(92,924)	(72,244)	(51,146)	(18,786)	(726,338)
Total assets	178,786	36,926	43,773	50,176	58,982	71,950	84,738	73,967
Total long-term liabilities	492,754	535,970	528,970	521,989	515,078	519,770	512,593	Nil

Results of Operations

Three Months Ended November 30, 2016 Compared to Three Months Ended August 31, 2016

During the three months ended November 30, 2016 ("Q2") the Company reported a net loss of $136,456 compared to a net loss of $39,255 for the prior three months ended August 31, 2016 ("Q1"), an increase in loss of $97,201. The fluctuation arose primarily due to the recognition of $94,772 in share-based compensation during Q2, in which the Company granted share options to purchase 1,071,000 common shares. During Q1 the Company did not grant any share options.

Six Months Ended November 30, 2016 Compared to Six Months Ended November 30, 2015

During the six months ended November 30, 2016 (the "2016 period") the Company reported a net loss of $175,711 ($0.02 per share) compared to net loss of $71,643 ($0.00 per share) for the six months ended November 30, 2015 (the "2015 period"), an increase in loss of $104,068 as follows;

(a) Expenses increased by $104,352, from $57,862 during the 2015 period to $162,214 during the 2016 period. Specific expenses of note during the 2016 period are as follows:

   (i) recorded share-based compensation of $94,772 on the granting of share options to purchase 1,071,000 common shares. No share options were granted during the 2015 period;

(ii) incurred $7,700 (2015 - $9,900) with Chase Management Ltd. ("Chase") a private corporation owned by Mr. Nick DeMare, the President/CEO of the Company, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare;

(iii) incurred $9,500 (2015 - $10,710) for audit fees, reflecting the reduced scope for the audit of the fiscal 2016 year-end financial statements compared to fiscal 2015; and

(iv) an increase of $12,180 in legal, regulatory and transfer agent fees, from $7,783 during the 2015 period to $19,963 during the 2016 period, relating to additional services provided and costs incurred for the Company's share consolidation of its share capital and name change.

(b) The Company has received ongoing loans form DNG Capital Corp. ("DNG") a private company owned by the President of the Company. See "Transactions with Related Parties". The loans bear interest at the rate of a 6% per annum. During the 2016 period the Company repaid $50,000 and recorded $13,784 (2015 - $14,185) of financing expense. Subsequent to November 30, 2016 the Company repaid all of the loans and all accrued interest and financing fee.

Cash Flows

During the 2016 period and 2015 periods the Company did not complete any financings. During the 2016 period the Company issued 612,500 common shares for $61,250 on the exercise of share options. During the 2015 period the Company issued 157,000 common shares for $15,700 on the exercise of warrants. All funds were used for general working purposes.

On January 6, 2017 the Company completed a non-brokered private placement financing of 10,486,000 common shares at $0.075 per share for gross proceeds of $786,450. As at November 30, 2016 the Company had received $191,475 on account of the private placement. The funds will be used to fund initial exploration on the Clare Project, repayment of loans previously advanced and for corporate and general working capital

Financial Condition / Capital Resources

As at November 30, 2016 the Company had a working capital deficiency of $23,003, non-current liabilities of $492,754, and shareholders' deficiency of $467,711. Subsequent to November 30, 2016 the Company received a further $594,975 from the brokered private placement and utilized $493,982 to retire the loans and accrued interest and financing fee. The Company will be required to raise additional capital in order to conduct its exploration and development activities and fund its ongoing corporate activities. Additional capital may be sought from existing shareholders from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

Critical Judgments and Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

Estimation Uncertainty

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

(i) Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Critical Judgments

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as well as the determination of functional currency.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the May 31, 2016 audited annual financial statements.

Changes in Accounting Policies

There are no changes in accounting policies. For accounting standards adopted during fiscal 2016 and for accounting standards and interpretations issued but not yet effective, refer to Note 3 in the May 31, 2016 audited annual financial statements.

Transactions with Related Parties

(a) *Transactions with Key Management Personnel*

Management personnel include those persons having authority or responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that the management personnel consists of the executive members of the Company. During the 2016 and 2015 periods the following amounts were incurred with respect to the Company's President and former CEO (Mr. DeMare) and the Company's CFO (Mr. Lim):

	2016 **$**	**2015** **$**
Professional fees - Mr. DeMare	9,600	9,600
Professional fees - Mr. Lim	6,600	6,600
Share-based compensation - Mr. DeMare	10,619	-
Share-based compensation - Mr. Lim	5,309	-
	32,128	16,200

As at November 30, 2016, $102,150 (May 31, 2016 - $97,200) remained unpaid relating to the professional fees.

(b) *Transactions with Other Related Parties*

(i) During the 2016 and 2015 periods the following amounts were incurred with respect to non-management directors (Messrs. Henstridge and Iannacone) and the Corporate Secretary (Ms. Bermudez) of the Company:

	2016 $	2015 $
Professional fees - Mr. Henstridge	6,600	6,600
Professional fees - Mr. Iannacone	4,500	4,500
Share-based compensation - Mr. Henstridge	10,619	-
Share-based compensation - Mr. Iannacone	4,424	
Share-based compensation - Ms. Bermudez	5,752	-
	31,895	11,100

As at November 30, 2016, $45,200 (May 31, 2016 - $56,600) remained unpaid relating to the professional fees.

(ii) During the 2016 period the Company incurred a total of $7,700 (2015 - $9,900) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at November 30, 2016, $3,000 (May 31, 2016 - $300) remained unpaid.

(c) The Company has received ongoing loans from DNG Capital Corp. ("DNG") a private company owned by Mr. DeMare. Commencing November 1, 2014 the Company agreed to pay interest at a rate of 6% per annum on all outstanding principal amounts. During the 2016 period the Company repaid $50,000 and recorded $13,784 (2015 - $14,185) of financing expenses. Subsequent to November 30, 2016 the Company repaid all of the loans and all accrued interest and financing fees.

Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2016 $	May 31, 2016 $
Cash	FVTPL	124,603	39,752
GST receivable	Loans and receivables	881	121
Advance	Loans and receivables	45,000	-
Accounts payable and accrued liabilities	Other financial liabilities	(153,743)	(154,300)
Loans	Other financial liabilities	(492,754)	(528,970)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for GST receivable, advance, accounts payable and accrued liabilities and loans approximate their fair value. The Company's cash under the fair value hierarchy is measured using Level 1 inputs.

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 and GST receivable. Management believes that the credit risk concentration with respect to cash and GST receivable is remote as cash is held with a high quality financial institution and GST receivable represents amounts due from the Government of Canada. As at November 30, 2016 the credit risk in respect to advance was considered to be high as the Company had not completed the Proposed Acquisition. On January 9, 2017 the Company closed the Proposed Acquisition.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The Company has financial liabilities classified as current that are due within the next fiscal period. The Company will need to obtain additional financing to meet the obligations as they come due.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash is not considered significant. The Company has interest bearing debt at fixed rates and is therefore not subject to fluctuating interest rate risk on its non-current loans payable

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars and US Dollars. The Company maintains minimal cash deposits in US Dollars with its Canadian bank. As such, the fluctuation of the Canadian Dollar in relation to the US Dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' deficiency. However, as the Company does not maintain significant cash balances in US Dollars and settles any transactions in US Dollars quickly, its exposure to currency risk is considered insignificant as at November 30, 2016.

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at January 25, 2017, there were 21,621,489 issued and outstanding common shares, 1,283,700 warrants outstanding at exercise prices ranging from $0.10 to $0.40 per share and 1,101,000 share options outstanding at an exercise price of $0.10 per share.