



**Consolidated Financial Statements of**

**West Kirkland Mining Inc.**

**For the Years Ended December 31, 2015 and 2014**

(Expressed in Canadian dollars)

Office:  
Suite 788  
550 Burrard Street  
Vancouver, BC  
V6C 2B5  
Canada

TSXV: WKM  
Phone: (604) 685-8311  
Fax: (604) 484-4710  
info@wkmining.com  
www.wkmining.com

Deloitte LLP  
2800 - 1055 Dunsmuir Street  
4 Bentall Centre  
P.O. Box 49279  
Vancouver BC V7X 1P4  
Canada

Tel: 604-669-4466  
Fax: 778-374-0496  
www.deloitte.ca

## **Independent Auditor's Report**

To the Shareholders of  
West Kirkland Mining Inc.

We have audited the accompanying consolidated financial statements of West Kirkland Mining Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of West Kirkland Mining Inc. as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

## **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of \$1.1 million for the year ended December 31, 2015 and has incurred cumulative losses from inception in the amount of \$23 million at December 31, 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about West Kirkland Mining Inc.'s ability to continue as a going concern.

*/s/ Deloitte LLP*

Chartered Professional Accountants  
April 29, 2016  
Vancouver, British Columbia

**West Kirkland Mining Inc.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)

	<b>December 31, 2015</b>	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash	\$ 1,155,385	\$ 4,391,908
Accounts receivable	32,419	25,600
Prepaid expenses and other	41,453	106,875
	<u>1,229,257</u>	<u>4,524,383</u>
Non-current assets:		
Reclamation bond (Note 3)	283,947	238,011
Property and equipment (Note 4)	91,334	110,812
Mineral properties (Note 5)	39,700,485	31,033,768
	<u>\$ 41,305,023</u>	<u>\$ 35,906,974</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 301,016	\$ 674,544
	<u>301,016</u>	<u>674,544</u>
Non-current liabilities:		
Reclamation provision (Note 6)	67,035	75,691
	<u>368,051</u>	<u>750,235</u>
Equity:		
Share capital (Note 7)	50,187,973	49,517,633
Warrant reserve (Note 7)	4,418,817	4,418,817
Share based payment reserve (Note 7)	789,089	1,171,921
Foreign currency translation reserve	8,522,097	2,275,526
Deficit	(22,981,004)	(22,227,158)
	<u>40,936,972</u>	<u>35,156,739</u>
	<u>\$ 41,305,023</u>	<u>\$ 35,906,974</u>

Going Concern (Note 1)

Commitments and contingencies (Note 12)

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

Approved by the Board of Directors and authorized for issue on April 29, 2016.

*/s/ "R. Michael Jones"*

Director

*/s/ "Kevin Falcon"*

Director

**West Kirkland Mining Inc.**  
**Consolidated Statements of Loss and Comprehensive (Income) Loss**  
(Expressed in Canadian dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
<b>Expenses</b>		
Professional fees	\$ 353,413	\$ 304,812
Salaries and benefits	236,701	478,447
Management and consulting fees	173,900	153,645
Office and general	142,516	194,110
Rent	100,467	123,531
Shareholder relations	59,995	163,469
Filing and transfer agent fees	39,984	69,201
Travel	25,742	135,449
Depreciation	8,378	11,083
Property investigation costs	8,260	68,747
Share-based compensation expense	2,598	560,420
Write-down of exploration projects (Note 5)	-	5,072,677
Loss from operations	1,151,954	7,335,591
<b>Finance and Other Income</b>		
Interest income	(12,678)	(44,677)
<b>Net loss</b>	\$ 1,139,276	\$ 7,290,914
<b>Item that may be subsequently reclassified to net loss</b>		
Exchange differences on translating foreign operations	(6,246,571)	(1,893,023)
<b>Comprehensive (income) loss for the year</b>	\$ (5,107,295)	\$ 5,397,891
Basic and diluted loss per share	\$ 0.00	\$ 0.03
<b>Weighted average number of common shares outstanding:</b>		
Basic and diluted	294,172,525	227,265,506

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

**West Kirkland Mining Inc.**  
**Consolidated Statements of Changes in Equity**  
(Expressed in Canadian dollars)

	Share Capital		Reserves					Total
	Number	Amount	Warrant Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Deficit		
Balance at December 31, 2013	61,293,336	\$ 22,529,977	\$ 1,450,827	\$ 514,153	\$ 382,503	\$ (16,387,071)	\$ 8,490,389	
Share issuance - financing (Note 7)	232,840,833	29,912,308	4,418,817	-	-	-	34,331,125	
Share issue costs (Note 7)	-	(2,924,652)	-	-	-	-	(2,924,652)	
Share-based compensation expense	-	-	-	657,768	-	-	657,768	
Expired warrants	-	-	(1,450,827)	-	-	1,450,827	-	
Other comprehensive income	-	-	-	-	1,893,023	-	1,893,023	
Net loss	-	-	-	-	-	(7,290,914)	(7,290,914)	
<b>Balance at December 31, 2014</b>	<b>294,134,169</b>	<b>\$ 49,517,633</b>	<b>\$ 4,418,817</b>	<b>\$ 1,171,921</b>	<b>\$ 2,275,526</b>	<b>\$ (22,227,158)</b>	<b>\$ 35,156,739</b>	
Share issuance - financing (Note 7)	14,000,000	700,000	-	-	-	-	700,000	
Share issue costs (Note 7)	-	(29,660)	-	-	-	-	(29,660)	
Share-based compensation expense	-	-	-	2,598	-	-	2,598	
Expired stock options	-	-	-	(385,430)	-	385,430	-	
Other comprehensive income	-	-	-	-	6,246,571	-	6,246,571	
Net loss	-	-	-	-	-	(1,139,276)	(1,139,276)	
<b>Balance at December 31, 2015</b>	<b>308,134,169</b>	<b>\$ 50,187,973</b>	<b>\$ 4,418,817</b>	<b>\$ 789,089</b>	<b>\$ 8,522,097</b>	<b>\$ (22,981,004)</b>	<b>\$ 40,936,972</b>	

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

**West Kirkland Mining Inc.**  
**Consolidated Statements of Cash flows**  
(Expressed in Canadian dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows provided by (used in):		
<b>Operating activities</b>		
Net loss	\$ (1,139,276)	\$ (7,290,914)
Items not involving cash:		
Share-based compensation expense	2,598	560,420
Write-down of exploration projects	-	5,072,677
Depreciation	8,378	11,083
Changes in non-cash working capital:		
Accounts receivable	(5,140)	(17,211)
Prepaid expenses and other	75,250	(83,917)
Accounts payable and accrued liabilities	(33,162)	(187,402)
Net cash flows used in operating activities	(1,091,352)	(1,935,264)
<b>Investing activities</b>		
Additions to mineral properties (Note 5)	(2,817,954)	(25,526,220)
Reclamation Bonds	-	(116,065)
Property and Equipment	-	(30,159)
Net cash used in investing activities	(2,817,954)	(25,672,444)
<b>Financing activities</b>		
Issuance of share capital	670,340	31,406,473
Net cash used in financing activities	670,340	31,406,473
(Decrease) Increase in cash	(3,238,966)	3,798,765
Effect of exchange rate changes on cash denominated in a foreign currency	2,443	27,746
Cash, beginning of year	4,391,908	565,397
<b>Cash, end of year</b>	<b>\$ 1,155,385</b>	<b>\$ 4,391,908</b>
<b>Supplemental disclosure of cash flow information</b>		
Non-cash investing and financing activities:		
Depreciation capitalized to mineral properties	\$ 23,191	\$ 13,705
Share-based compensation charged to mineral properties	-	97,348
Mineral property and deferred exploration expenditures included in accounts payable	170,507	552,738

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

**West Kirkland Mining Inc.**  
**Notes to the consolidated financial statements**  
**Years ended December 31, 2015 and 2014**  
(Expressed in Canadian dollars)

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**1. Nature of Operations and Continuance of Operations**

West Kirkland Mining Inc. (formerly Anthem Ventures Capital Corp.) (“West Kirkland” or the “Company”) was incorporated on April 3, 2007, under the Company Act of the Province of British Columbia, Canada. The Company was a capital pool corporation, and on May 28, 2010, completed its Qualifying Transaction as that term is defined in TSX Venture Exchange Policy 2.4. The Company acquired all of the issued and outstanding shares of WK Mining Corp. (“WK Mining”) which has been accounted for as a reverse takeover that does not constitute a business combination. As a result, these consolidated financial statements reflect the financial position, financial performance and cash flows of the Company’s legal subsidiaries, WK Mining and WK Mining (USA) Ltd. The address of the Company’s head office is Suite 788 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The Company is an exploration company working on mineral properties it has staked or acquired, in Nevada and Utah. The Company has not yet determined whether these mineral properties contain any economically recoverable ore reserves. The Company defers all acquisition, exploration and development costs related to the properties on which it is conducting exploration. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary permitting and financing to complete the development of the interests, and future profitable production, or alternatively, upon the Company’s ability to dispose of its interests on a profitable basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Since inception to December 31, 2015, the Company has incurred cumulative losses of \$23 million at December 31, 2015 which may cast significant doubt regarding the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company; however, there is no certainty that such funds will be available at terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

**2. Significant Accounting Policies**

*(a) Statement of Compliance*

These consolidated financial statements have been prepared in accordance with accounting policies in full compliance with IFRS and were approved by the board of directors for distribution on April 29, 2016.

*(b) Basis of Presentation*

These consolidated financial statements have been prepared on a historical cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Company and its subsidiaries.

*(c) Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned legal subsidiary, WK Mining Corp. and its wholly-owned legal subsidiary WK Mining (USA) Ltd, both of which are controlled by the Company. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. All material intercompany transactions, balances, revenues and expenses are eliminated on consolidation.



**West Kirkland Mining Inc.**  
**Notes to the consolidated financial statements**  
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*(d) Foreign Currency*

Items included in the consolidated financial statements are measured in each entity's functional currency. Each entity's functional currency is determined by the primary environment the entity operates in. The functional currency of the Company's subsidiary, WK Mining (USA) Ltd., is the United States Dollar and the functional currency of WK Mining Corp. and the Company's Canadian operations is the Canadian Dollar.

The presentation currency of the Company is the Canadian Dollar. For the purpose of presenting the financial statements, assets and liabilities of the Company's foreign subsidiary are expressed in Canadian dollars using the closing rates at the date of the statement of financial position being presented. The exchange differences that arise on translation are recognized as a component of other comprehensive income or loss and recorded in equity as "foreign currency translation reserve". Accumulated amounts in the foreign currency translation reserve will be recognized as profit or loss in the period when the foreign operation is disposed of.

Transactions in currencies which are not the entity's functional currency are translated to the functional currency at exchange rates at the date of the transaction. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated. Revenue and expense items are translated at average exchange rates of the reporting period.

*(e) Property and Equipment*

Property and equipment are stated at cost and are depreciated on a declining balance basis at the following rates with one half of annual depreciation recorded in the year of acquisition:

Field Equipment	30%
Leasehold Improvements	20%
Vehicles	30%
Computer Software	100%

The depreciation rates, useful lives and residual values are assessed annually.

*(f) Exploration and Evaluation Expenditures*

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. Capitalization of costs commences once the Company has obtained legal rights to explore a specific area. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

*(g) Development and Production Costs*

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all exploration and evaluation costs attributable to that area are reclassified to construction in progress within property and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

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*(h) Impairment of Non-Financial Assets*

Non-financial assets are reviewed each reporting period for any indicators that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, any intangible asset with an indefinite useful life or any intangible asset not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset or cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash inflows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. Impairment of goodwill cannot be reversed.

Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in commodity prices and markets; and
- Adverse variations in the exchange rate for the currency of operation.

*(i) Financial Instruments*

The Company classifies its financial instruments into one of the following categories: fair value through profit or loss ("FVTPL") (assets and liabilities), assets available-for-sale, loans and receivables, assets held-to-maturity and other financial liabilities. All financial instruments are measured at fair value on initial recognition.

Financial assets and liabilities designated as FVTPL are subsequently measured at fair value with changes in fair value recognized in net earnings. Financial assets designated as "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Transaction costs for FVTPL financial assets and liabilities are recognized in income when incurred.

Financial assets designated as "loans and receivables" or "held-to-maturity", and financial liabilities designated as "other financial liabilities" are recorded at amortized cost. Transaction costs from loans and receivables and other financial liabilities offset the carrying amount of the related financial assets or liabilities.

The Company has classified cash and accounts receivable as "loans and receivables", reclamation bonds as "assets held-to-maturity", and accounts payable, accrued liabilities and notes payable as "other financial liabilities".

*(j) Share Capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. The proceeds from the issuance of units are allocated between common shares and purchase warrants based on the relative fair

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value method. Under this method, the proceeds are allocated to the components in proportion to their relative fair values. The market price on the date of the issuance of the shares and the market price of the publically traded warrants on their first day of trading are used to determine the relative fair values.

*(k) Share-based Payments*

The share option plan allows the Company's board of directors to grant options to Company employees and consultants to acquire shares of the Company. The fair value of options granted to employees is measured by the Black-Scholes formula options pricing model and is recognized as a share-based compensation expense and recognized over the length of the vesting period of each tranche, while the corresponding amount is recognized in the share-based payments reserve. Compensation expense for share-based payments to non-employees is measured at the fair value of the service provided. At each financial reporting date, the number of options recognized as an expense is adjusted to reflect the number of options actually expected to vest going forward. Upon cancellation or expiry the fair value of the applicable options is transferred to deficit. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

*(l) Revenue*

Revenue will be recorded when the fair value of the consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income is recognized monthly as earned.

*(m) Loss Per Share*

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. During the years ended December 31, 2015 and 2014 all outstanding share options and warrants were anti-dilutive.

*(n) Income Taxes*

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized.

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*(o) Restoration, Rehabilitation and Environmental Obligations*

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

*(p) Measurement Uncertainties*

i) Resource estimates

The Company relies on appropriately qualified persons to estimate mineral resources. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. Changes in the indicated and inferred mineral resources estimates may impact the carrying value of the mining properties.

ii) Share-based payments

The Company follows accounting guidelines in determining the fair value of share-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the life of the options (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation also incorporates an expected forfeiture rate. The expected forfeiture rate is estimated annually based on historical forfeiture rates and expectations of future forfeiture rates.

The resulting value calculated is not necessarily the value that the holder of the options could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

iii) Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company and/or its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each

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jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company and/or its subsidiaries to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

iv) Impairment of mineral properties

The Company assesses its mineral properties quarterly to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

*(q) Significant Accounting Judgments*

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 2(p)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, the determination of functional currency for the Company and its subsidiaries and the assumption that the Company will continue as a going concern.

*(r) Recent Accounting Pronouncements*

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective. These include:

*IFRS 9 Financial Instruments*, which replaces the current standard, *IAS 39 Financial Instruments: Recognition and Measurement*. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2019. The Company has not early adopted this standard and is currently evaluating the impact this standard may have on its consolidated financial statements.

*IFRS 15 Revenue from Contracts with Customers*. The final standard on revenue from contracts with customers was issued on May 8, 2014 and is effective for annual reporting periods beginning after January 1, 2017 for public entities with early application permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is currently evaluating the impact this standard may have on its consolidated financial statements.

*IFRS 16 Leases*, which replaces the current standard, *IAS 17 Leases* and its associated interpretive guidance. The new standard eliminates the distinction between operating and financing leases and will bring most leases on-balance sheet for lessees under a single model. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 (see above) is also applied. The Company is currently evaluating the impact this standard may have on its consolidated financial statements.

**3. Reclamation Bond**

The Company's US subsidiary, WK Mining (USA) Ltd. ("WK Mining (USA)"), has posted a total statewide bond of \$214,520 (US\$155,000) to the Bureau of Land Management (the "BLM") in the state of Nevada for disturbance of ground required to complete exploration work on projects in Nevada under the jurisdiction of the BLM. US\$61,400 was included in the purchase of Hasbrouck and Three Hills and the Company increased the bond by a further US\$38,600 bringing the Company's total BLM bond increase in the year to US\$100,000. This bond is applicable to work done on any property in Nevada and the funds are held in the State of

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Nevada's reclamation performance bond pool. The Company transferred permits associated with the Hasbrouck and Three Hills project into the Company's name.

WK Mining (USA) has also posted a statewide bond of \$69,200 (US\$50,000) to the Division of Oil, Gas and Mining of Utah ("DOGMA") for disturbance of ground required to complete exploration work on the TUG Project. This is applicable to work done on any property in Utah under the jurisdiction of the BLM or DOGMA. The funds are held in the State of Utah's reclamation performance bond pool. They are held in an interest bearing account and will be returned with interest when the projects are successfully reclaimed. Total interest of \$227 (US\$164) has been earned on this bond.

**4. Property and Equipment**

The Company holds the following property and equipment at December 31, 2015 and 2014:

<b>Cost</b>	<b>Field Equipment</b>	<b>Leasehold Improvements</b>	<b>Vehicles</b>	<b>Total</b>
Balance December 31, 2013	59,369	51,703	85,678	196,750
Additions	27,895	3,851	-	31,746
Foreign exchange movement	4,505	-	7,774	12,279
Balance December 31, 2014	91,769	55,554	93,452	240,775
Foreign exchange movement	15,836	-	18,036	33,872
<b>Balance December 31, 2015</b>	<b>\$ 107,605</b>	<b>\$ 55,554</b>	<b>\$ 111,488</b>	<b>\$ 274,647</b>
<b>Accumulated Depreciation</b>				
Balance December 31, 2013	42,789	3,078	49,993	95,860
Additions	6,762	7,936	11,677	26,375
Foreign exchange movement	3,191	-	4,537	7,728
Balance December 31, 2014	52,742	11,014	66,207	129,963
Additions	13,881	7,936	9,751	31,568
Foreign exchange movement	8,588	-	13,194	21,782
<b>Balance December 31, 2015</b>	<b>\$ 75,211</b>	<b>\$ 18,950</b>	<b>\$ 89,152</b>	<b>\$ 183,313</b>
<b>Carrying amount, December 31, 2015</b>	<b>\$ 32,394</b>	<b>\$ 36,604</b>	<b>\$ 22,336</b>	<b>\$ 91,334</b>
Carrying amount, December 31, 2014	\$ 39,027	\$ 44,540	\$ 27,245	\$ 110,812

During the years ended December 31, 2015 and 2014 the Company capitalized depreciation of \$23,191 and \$13,705 respectively to mineral properties.

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**5. Mineral Properties**

	<u>Hasbrouck &amp; Three Hills</u>	<u>Fronteer &amp; TUG</u>	<u>Rubicon</u>	<u>Total</u>
<b>Acquisition costs of mineral rights</b>				
Balance December 31, 2013	\$ -	\$ 25,353	\$ 240,746	\$ 266,099
Incurring during the year	23,525,321	-	-	23,525,321
Write-down	-	-	(253,512)	(253,512)
Foreign exchange movement	-	1,569	12,766	14,335
Balance December 31, 2014	\$ 23,525,321	\$ 26,922	\$ -	\$ 23,552,243
<b>Deferred exploration costs</b>				
Balance December 31, 2013	\$ -	\$ 4,935,089	\$ 2,997,518	\$ 7,932,607
Engineering	1,110,842	-	-	1,110,842
Permitting	601,963	-	-	601,963
Drilling – non exploration	734,719	-	-	734,719
Drilling – exploration	540,671	-	-	540,671
Salaries and Wages	437,223	-	-	437,223
Other	363,748	111,167	-	474,915
Write-down	-	(1,662,697)	(3,156,468)	(4,819,165)
Foreign exchange movement	-	308,800	158,950	467,750
Balance December 31, 2014	\$ 3,789,166	\$ 3,692,359	\$ -	\$ 7,481,525
<b>Total December 31, 2014</b>	<b>\$ 27,314,487</b>	<b>\$ 3,719,281</b>	<b>\$ -</b>	<b>\$ 31,033,768</b>

<b>Acquisition costs of mineral rights</b>				
Balance December 31, 2014	\$ 23,525,321	\$ 26,922	\$ -	\$ 23,552,243
Incurring during the period	(69,200)	20,015	-	(49,185)
Foreign exchange movement	4,540,401	5,196	-	4,545,597
Balance December 31, 2015	\$ 27,996,522	\$ 52,133	\$ -	\$ 28,048,655
<b>Deferred exploration costs</b>				
Balance December 31, 2014	\$ 3,789,166	\$ 3,692,359	\$ -	\$ 7,481,525
Engineering	905,524	938	-	906,462
Permitting	867,170	-	-	867,170
Drilling – non exploration	41,052	-	-	41,052
Drilling – exploration	85,620	-	-	85,620
Salaries and Wages	544,489	-	-	544,489
Other	196,084	85,449	-	281,533
Foreign exchange movement	731,352	712,627	-	1,443,979
Balance December 31, 2015	\$ 7,160,457	\$ 4,491,373	\$ -	\$ 11,651,830
<b>Total December 31, 2015</b>	<b>\$ 35,156,979</b>	<b>\$ 4,543,507</b>	<b>\$ -</b>	<b>\$ 39,700,485</b>

**(a) Hasbrouck and Three Hills**

On January 24, 2014, the Company signed a binding letter agreement with Allied Nevada Gold Corp. (“ANV”) to acquire ANV’s Hasbrouck and Three Hills properties (together the “Hasbrouck Project”) for consideration of up to US\$30 million. The Company was required to pay an aggregate of US\$20 million to acquire a 75% interest in the properties with a US\$500,000 non-refundable cash deposit made upon execution of the letter agreement. The additional US\$19.5 million was paid April 23, 2014 at which time the Company purchased a 75% interest in the properties. The Company has the option to pay an additional US\$10 million to ANV within 30 months of April 23, 2014 in accordance with the terms and conditions of the letter agreement, where

**West Kirkland Mining Inc.**  
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it will acquire the remaining 25% interest in the properties. If the Company does not make the additional payment to ANV, or if the Company offers the payment and ANV chooses to decline the payment, the properties shall be transferred into a joint venture with the Company retaining a 75% interest in the joint venture and ANV retaining a 25% interest.

On March 10, 2015, ANV announced that it had filed for Chapter 11 bankruptcy protection in the U.S. and was implementing a financial restructuring of its debt. On June 19, 2015 Waterton Precious Metals Fund ("Waterton") acquired all of ANV's exploration properties and related assets (excluding the Hycroft operation) for US\$17.5 million. The bankruptcy of ANV and the subsequent acquisition of the 25% interest in the Hasbrouck project by Waterton does not alter the Company's legal rights or interests in the Hasbrouck Project and the Company continues to hold title to the properties.

**(b) Fronteer / TUG**

On December 14, 2010, the Company entered into an agreement with Fronteer Gold Inc. ("Fronteer") to option 11 properties which total approximately 234 km<sup>2</sup> in north eastern Nevada and Utah. On February 3, 2011 Fronteer was acquired by Newmont Mining Corporation ("Newmont"). The acquisition of Fronteer had no effect on the agreement with the Company. In the agreement, the Company had the option of earning in on a number of designated properties and earned a 60% interest on the TUG property in 2013. The Company has no further earn-in requirements on the TUG property and will hold a 60% interest indefinitely. All other properties were written off and earn-in rights relinquished. At December 31, 2014, the Company wrote down the capitalized mineral property costs related to TUG of \$1.7 million to a carrying value of \$3.7 million due to continued depressed commodity prices.

**(c) Rubicon**

On June 23, 2011, the Company entered into an agreement with Rubicon Minerals Corporation ("Rubicon") to option 909 km<sup>2</sup> in northeastern Nevada by spending US\$15 million over four years. During 2014 the Company chose to focus on other properties and all deferred acquisition and exploration costs were written off. As the minimum yearly spend requirements were not fulfilled the agreement has now officially lapsed and the Company retains no interest in these properties.

**6. Reclamation Provision**

The reclamation provision represents the estimated costs required to provide adequate restoration and rehabilitation of drilling activities in Nevada and Utah. The Company measures the reclamation costs at fair value, which is based on the net present value of future cash expenditures upon reclamation of drilling sites and related lands. Reclamation costs are capitalized to mineral properties and will be amortized over the life of the related mine once the mine commences commercial production.

As at December 31, 2015, the provision of \$67,035 (2014 – \$75,691) for reclamation cost obligations has been adjusted to reflect risk. The estimate has been discounted at its present value at a rate of approximately 1.98% per annum (2014 – 1.38%) being an estimate of the long-term, risk-free, pre-tax cost of borrowing. The undiscounted balance of the reclamation provision is \$62,280 at December 31, 2015 (2014 – \$71,926) and is expected to be incurred between 2015 and 2024.

**7. Share Capital**

The authorized share capital consists of an unlimited number of common shares without par value.

At December 31, 2015 the Company had 308,134,169 shares outstanding.

In December 2015, the Company closed a non-brokered private placement of 14,000,000 common shares at a price \$0.05 per share for gross proceeds of \$700,000. Total share issuance costs were \$29,660.

In April and May 2014 the Company closed a fully marketed prospectus offering of units of the Company, including the exercise of an overallotment option, and a concurrent non-brokered private placement, for a



**West Kirkland Mining Inc.**  
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total of 220,940,833 units at a price of \$0.15 each for aggregate gross proceeds of \$33.1 million. Each unit in the offerings consisted of one common share of the Company and one common share purchase warrant exercisable for one common share at a price of \$0.30 at any time prior to April 17, 2019. Including legal fees and a cash commission paid to brokers representing 6% of the gross proceeds raised, the cost of the offerings to the Company was approximately \$2.9 million.

On January 29 and 31, 2014, the Company closed the first and second tranche of a non-brokered private placement of 11,900,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$1,190,000. The brokers received a cash commission of \$43,500.

Warrant Reserve

	Number of warrants	Amount	Weighted Average Exercise Price
Balance December 31, 2013	24,814,301	\$ 1,450,827	\$ 0.42
Warrants expired	(24,814,301)	(1,450,827)	0.42
Warrants issued	220,940,833	4,418,817	0.30
<b>Balance December 31, 2014</b>	<b>220,940,833</b>	<b>\$ 4,418,817</b>	<b>\$ 0.30</b>
<b>Balance December 31, 2015</b>	<b>220,940,833</b>	<b>\$ 4,418,817</b>	<b>\$ 0.30</b>

During the year ended December 31, 2014 a total of 24,814,301 share purchase warrants were cancelled at a recorded amount of \$1,450,827. The carrying value of these options was transferred from warrant reserve to deficit.

During the year ended December 31, 2014 the Company issued 220,940,833 warrants. These warrants were issued pursuant to the fully marketed prospectus offering and non-brokered private placement that both closed in April and May of 2014. Each warrant is exercisable for one common share at a price of \$0.30 at any time prior to April 17, 2019. The \$4,418,817 fair value of these warrants was estimated using the relative fair value method using the share price on the date of issue of the shares and the warrant price from the first day of public trading.

Share based payment reserve

The Company established a stock option plan (the "Plan") on May 1, 2007, whereby options can be granted to directors, officers, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding.

The following table summarizes the Company's outstanding share options:

Exercise Price	Number Outstanding at December 31, 2015	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at December 31, 2015
\$1.10	90,000	0.72	90,000
\$1.00	100,000	0.88	100,000
\$0.22	500,000	2.18	500,000
\$0.15	6,800,000	3.48	6,800,000
\$0.10	100,000	4.13	100,000
	<b>7,590,000</b>	<b>3.34</b>	<b>7,590,000</b>

The weighted average remaining contractual life of the options outstanding at December 31, 2015 is 3.34 years.

The following table summarizes the Company's share based payment reserve:

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<b>Balance December 31, 2013</b>	<b>\$ 514,153</b>
Share compensation expense	657,768
<b>Balance December 31, 2014</b>	<b>1,171,921</b>
Share compensation expense	2,598
Share options cancelled	<b>(385,430)</b>
	<b>789,089</b>

During the year ended December 31, 2015 a total of 1,910,000 share purchase options were cancelled at a fair value amount of \$385,430. The fair value of these options was transferred from share based payment reserve to deficit.

On February 16, 2015, 100,000 share purchase options were granted to an employee of the Company. Each option is exercisable at a price of \$0.10 per share for a period of five years and vests immediately. The Company expensed \$2,598 related to these options and used the Black-Scholes model to determine the grant date fair value using the following assumptions:

Expected life	5 years
Risk-free interest rate	0.60%
Expected volatility <sup>1</sup>	80%
Expected dividends	-

<sup>1</sup>Expected volatility is based on the trading history of the Company. Given the limited trading history for the Company, this volatility was then compared to the historical volatility of a peer group of companies with a similar corporate structure and operating in similar regions as the Company. The Company's expected volatility is similar to a comparable peer group.

For the year ended December 31, 2014, 7,500,000 share purchase options were granted to various employees, consultants and directors associated with the Company. Each option is exercisable at a price of \$0.15 for a period of five years and vests immediately. The Company expensed \$560,420 and capitalized \$97,348 to the Hasbrouck/Three Hills property related to these options. At the grant dates the Black Scholes model was used to value these options using the following weighted average assumptions:

Expected life	5 years
Risk-free interest rate	1.47%
Expected volatility <sup>1</sup>	90%
Expected dividends	-

<sup>1</sup>Expected volatility is based on the trading history of the Company. Given the limited trading history for the Company, this volatility was then compared to the historical volatility of a peer group of companies with a similar corporate structure and operating in similar regions as the Company. The Company's expected volatility is similar to a comparable peer group.

As at December 31, 2015, the weighted average fair value per option outstanding was \$0.10

	Number	Weighted average exercise price
Balance December 31, 2013	1,900,000	\$0.63
Granted	7,500,000	\$0.15
<b>Balance December 31, 2014</b>	<b>9,400,000</b>	<b>\$0.25</b>
Granted	100,000	\$0.10
Cancelled	(1,910,000)	\$0.52
<b>Balance December 31, 2015</b>	<b>7,590,000</b>	<b>\$0.18</b>

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The weighted average exercise price for both the outstanding and exercisable share purchase options at December 31, 2015 was \$0.18.

**8. Capital Risk Management**

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, reserves and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of mineral rights.

As at December 31, 2015 the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

**9. Financial Risk Management**

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

*(a) Fair Value*

As at December 31, 2015, the Company's financial instruments consist of cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities. The fair values of accounts receivable and accounts payable approximate their carrying values due to the short-term nature of these instruments and the fair value of the reclamation bonds approximates their fair value due to the fact they earn interest at rates approximating market rates.

*(b) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

*(c) Credit Risk*

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its cash which is held in large Canadian financial institutions and accounts receivable. The Company believes this credit risk is insignificant.

*(d) Foreign Currency Risk*

Foreign currency risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and the United States and is therefore exposed to foreign currency risk arising from transactions denominated in U.S. dollars. Certain amounts of the Company's accounts payable and accrued liabilities are denominated in U.S. dollars. A 10% change in the exchange rate between the Canadian and United States dollar would have an effect on the loss before income taxes as at December 31, 2015 of approximately \$23,750. The Company monitors its net exposure to foreign currency fluctuations and adjusts its cash held in U.S. dollars accordingly. The following table lists the Canadian dollar equivalent of financial instruments and other current assets denominated in U.S. dollars as of December 31, 2015:

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	December 31, 2015	December 31, 2014
Cash	\$ 179,569	\$ 277,470
Accounts receivable	10,380	19,782
Prepaid expenses and other	25,579	80,401
Reclamation bond	283,947	238,011
Accounts payable and accrued liabilities	182,867	577,074

(e) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

**10. Segmented Information**

The Company currently operates in one segment, being the exploration of mineral properties in Nevada and Western Utah, USA. The Company's cumulative mineral property expenditures since inception in Nevada and Western Utah totaled \$46,130,270. The Company's executive and head office is located in Vancouver, British Columbia, Canada.

<b>As at December 31, 2015</b>	Canada	United States	Total
Current Assets	\$ 1,000,253	\$ 229,004	\$ 1,229,257
Mineral Properties	-	39,700,485	39,700,485
Other Assets	37,637	337,644	375,281
Total Assets	1,037,890	40,267,133	41,305,023
Accounts Payable and accrued liabilities	118,149	182,867	301,016
Net loss	901,703	237,573	1,139,276

<b>As at December 31, 2014</b>	Canada	United States	Total
Current Assets	\$ 4,146,731	\$ 377,652	\$ 4,524,383
Mineral Properties	-	31,033,768	31,033,768
Other Assets	46,014	302,809	348,823
Total Assets	4,192,745	31,714,229	35,906,974
Accounts Payable and accrued liabilities	97,470	577,074	674,544
Net loss	1,883,827	5,407,087	7,290,914
Write-down of exploration projects	-	5,072,677	5,072,677

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**11. Related Party Transactions**

The Company paid remuneration for the following items with companies related by way of directors in common:

	December 31, 2015	December 31, 2014
Administration fees	\$ 42,000	\$ 42,000
Professional fees	60,000	60,000
Rent	54,428	54,306
Directors Fees	126,250	121,566
<b>Total Related Party Transactions</b>	<b>\$ 282,678</b>	<b>\$ 277,872</b>

For the year ended December 31, 2015, the Company accrued and paid \$42,000 (December 31, 2014 - \$42,000) for day-to-day administration, reception and secretarial services and \$60,000 (December 31, 2014 - \$60,000) for accounting services; and \$54,428 (December 31, 2014 - \$54,306) for rent to Platinum Group Metals Ltd., a company related by virtue of common directors and officers. Amounts payable at year end include an amount of \$8,801 to Platinum Group Metals (2014 - \$30,686).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

Compensation of Key Management Personnel

	December 31, 2015	December 31, 2014
Salaries and management fees	\$ 465,660	\$ 547,281
Directors fees	126,250	121,566
Share-based payments	-	451,661
<b>Total compensation of key management personnel</b>	<b>\$ 581,910</b>	<b>\$ 1,120,508</b>

**12. Commitments and Contingencies**

To acquire certain other mineral property interests in Nevada the Company must make optional acquisition and exploration expenditures in order to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert back to the property vendors. For details of the Company's mineral property acquisitions and optional expenditure commitments see Note 5. The Company has no other identified commitments or contingencies.

**13. Deferred Taxes**

The income tax expense differs from what would have been computed using the combined Canadian federal (15%) and provincial (11%) statutory income tax rate of 26% in 2015 (2014 – 26%). The reconciliation of total income tax expense for the years ended December 31 was as follows:

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(Expressed in Canadian dollars)

	2015	2014
Net loss before income taxes	\$ (1,139,276)	\$ (7,290,914)
Canadian federal and provincial income tax rates	26%	26%
Income tax expense based on Canadian federal and provincial income tax rates	(296,212)	(1,895,638)
Increase (decrease) attributable to:		
Non-deductible (taxable) expenditures	2,047	(341,174)
Non-deductible share based payments	675	145,709
Changes in unrecognized deferred tax assets	950,405	1,851,945
Effects of different statutory tax rates on earnings of subsidiaries	19,006	(98,160)
Effect of foreign currency exchange rate change	(710,334)	454,954
Impact of deferred income tax rates applied versus current statutory rates	-	(2,818)
Other	34,413	(114,818)
Income tax recovery	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2015	December 31, 2014
Deferred tax assets		
Non-capital and net operating loss carry forwards	\$ 2,972,770	\$ 1,643,596
Total deferred tax assets	2,972,770	1,643,596
Deferred tax liabilities		
Mineral properties	\$ (2,972,770)	\$ (1,643,596)
Total deferred tax liabilities	(2,972,770)	(1,643,596)
Net deferred taxes	\$ -	\$ -

Unrecognized deductible temporary differences, unused tax losses, and unused tax credits are attributable to the following:

	2015	2014
Non-capital and net operating loss carry forwards <sup>1</sup>	\$ 25,245,672	\$ 18,291,157
Share issuance costs	2,070,177	2,990,877
Mineral properties	1,771,919	1,771,918
Pre-production investment tax credits	86,537	86,537
Tax value of property and equipment in excess of book	112,848	104,470
Other temporary differences	81,226	64,417
	\$ 29,368,379	\$ 23,309,376

<sup>1</sup>The unrecognized tax losses and investment tax credits will expire between 2029 and 2035



**MANAGEMENT'S DISCUSSION AND ANALYSIS of**

**WEST KIRKLAND MINING INC.**

**For the Year Ended December 31, 2015**

Office:  
Suite 788  
550 Burrard Street  
Vancouver, BC V6C 2B5  
Canada

TSXV: WKM  
Phone: (604) 685-8311  
Fax: (604) 484-4710  
[info@wkmining.com](mailto:info@wkmining.com)  
[www.wkmining.com](http://www.wkmining.com)

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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### Overview

West Kirkland Mining Inc. ("West Kirkland" or the "Company") is a mineral exploration and development company focused on the acquisition, exploration and development of gold projects in Nevada and Utah with its flagship asset being the Hasbrouck Project, which consists of the Hasbrouck and Three Hills properties. The Company is based in Vancouver, British Columbia, Canada and its common shares trade on the TSX Venture Exchange under the symbol, "WKM". The Company is a reporting issuer in the each of the provinces of Canada except Quebec.

The following Management Discussion and Analysis ("MD&A") focuses on the financial condition and results of operations of the Company for the year ended December 31, 2015. This MD&A is prepared as of April 29, 2016 and should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes thereto for the year ended December 31, 2015.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

### Forward-Looking Information

Certain statements made and information contained herein may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation (collectively, "Forward-Looking Statements"). Forward-Looking Statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. Forward-Looking Statements in this MD&A include, but are not limited to, statements with regard to:

- Planned exploration activity including both expected drilling and geological and geophysical related activities;
- Impact of increasing competition;
- Future foreign currency exchange rates;
- The Company's ability to obtain additional financing on satisfactory terms;
- Future sources of liquidity, cash flows and their uses; and
- The completion of the prefeasibility study.

Forward-Looking Statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by the Company based on the information available to it, are inherently subject to significant business, economic and competitive uncertainties and contingences. The Company cautions investors that any Forward-Looking Statements provided by the Company are not a guarantee of future results or performance, and that actual results may differ materially from those in Forward-Looking Statements as a result of various estimates, assumptions, risks, and uncertainties, including, but not limited to, the state of the financial markets for the Company's equity securities, the state of the market for gold or other minerals that may be produced generally, recent market volatility; variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's ability to obtain any necessary permits, consents or authorizations required for its activities, to raise the necessary capital or to be fully able to implement its business strategies and other risks associated with the exploration and development of mineral properties.

Although the Company has attempted to identify risks and uncertainties (section 10) that may cause actual actions, events or results to differ materially from those described in Forward-Looking Statements, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. As actual results and future events could differ materially from those anticipated in Forward-Looking Statements, readers should not place undue reliance on such statements. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any Forward-Looking Statements, whether as a result of new information, future events or otherwise.



# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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### Highlights for the year ended December 31, 2015

In December 2015, the Company closed a non-brokered private placement of 14,000,000 shares at a price \$0.05 per share for gross proceeds of \$700,000. Total share issuance costs were \$29,660.

On November 27, 2015 the Company announced the receipt of a decision record and finding of no significant impact for the environmental assessment ("EA") of the Three Hills mine located approximately one mile west of Tonopah in Esmeralda County, Nevada. The receipt of the decision record signifies completion of the National Environmental Policy Act and EA process, and is the final major permitting step for construction to begin.

On June 3, 2015 the Company announced the results of the Hasbrouck Prefeasibility Study (the "PFS"). Highlights included a US\$75.3 million after tax Net Present Value ("NPV") at a 5% discount rate with a 26% Internal Rate of Return ("IRR"). Initial capital required under the PFS base case amounted to US\$54.3 million, assuming a gold price of US\$1,225 per ounce and a silver price of US\$17.50 per ounce. All values are based on 100% of the project.

The PFS includes a timeline showing the Three Hills mine operating for approximately two years followed by six years of operations at the Hasbrouck mine to produce 567,000 ounces of gold over eight years. The life of mine stripping ratio is modeled at 1.1:1. Adjusted operating costs for the project are predicted to be US\$708 per ounce of gold, with all-in sustaining costs of US\$779 per ounce of gold.

The PFS also included an updated statement of reserves and resources for the Hasbrouck properties. Further detailed information regarding the PFS can be found below in Section 2. "Exploration Programs and Expenditures".

On June 19, 2015 Allied Nevada Gold Corp. ("ANV"), under a Chapter 11 Bankruptcy Reorganization, announced the sale of their exploration properties and related assets (excluding the Hycroft operation) to a wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman LP ("Waterton") for US\$17.5 million. This package included ANV's 25% share of the Hasbrouck and Three Hills properties. Note that the Company acquired its 75% interest in the Hasbrouck and Three Hills properties from ANV on April 23, 2014 (details in Section 2 below). The sale by ANV of its 25% interest does not materially affect the contractual rights of the Company to the properties. The Company holds title to the Hasbrouck and Three Hills properties.

The PFS technical report was filed on SEDAR on July 17, 2015. The PFS technical report as filed presented both the base case and a revised project model for the Hasbrouck project. The revised scenario delays construction of the Hasbrouck mine from the prefeasibility base case, allowing more time for gold to come off the Three Hills heap leach, thereby generating cash flow to be used for the construction of the Hasbrouck mine. By delaying the start of construction at Hasbrouck by four months, the overall modelled total funding for the project is reduced from US\$89.1 million to US\$54.3 million, however the IRR reduces from 26% to 24% and the NPV of the entire project from US\$75 million to US\$71 million. All revised scenario figures are still prepared assuming a US\$1,225 per ounce gold price and a 5% discount rate, as per the PFS.

### Discussion of Operations and Financial Results

#### 1. Results of Operations

##### *For the year ended December 31, 2015*

For the year ended December 31, 2015, the Company incurred a net loss of \$1.14 million (December 31, 2014 - \$7.29 million) with the major difference due mineral property writedowns and to stock based compensation recognized in the comparative period. Professional fees totaled \$353,413 (December 31, 2014 - \$304,812). Salaries and benefits totaled \$236,701 (December 31, 2014 - \$478,447), with the decrease due to reduced staff and wages capitalized to mineral properties in the current year.

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

### For the three months ended December 31, 2015

For the three month period ended December 31, 2015, the Company incurred a net loss of \$171,957 (December 31, 2014 - \$1.94 million). The majority of this difference is due to mineral property writedowns of \$1.7 million incurred in the prior comparative period.

### Selected Information

The following tables set forth selected financial data from the Company's consolidated financial statements and should be read in conjunction with those financial statements:

	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Interest Income	\$ 12,678	\$ 44,677	\$ 4,985
Comprehensive (Income) Loss	\$ (5,107,295)	\$ 5,397,891	\$ 6,653,229
Basic and Diluted Loss per Share	\$ 0.00	\$ 0.03	\$ 0.12
Total Assets	\$ 41,305,023	\$ 35,906,974	\$ 9,004,084
Long Term Debt	\$ Nil	\$ Nil	\$ Nil
Dividends	\$ Nil	\$ Nil	\$ Nil

The following table sets forth selected quarterly financial information for each of the last eight (8) quarters.

Quarter Ending	Interest & Other Income	Comprehensive (Gain) Loss <sup>(1)</sup>	Net Basic Loss per Share
December 31, 2015	\$ -	\$ (1,263,606)	\$0.00
September 30, 2015	\$ 1,920	\$ (2,199,450)	\$0.00
June 30, 2015	\$ 3,912	\$ 915,262	\$0.00
March 31, 2015	\$ 6,846	\$ (2,559,501)	\$0.00
December 31, 2014	\$ 12,395	\$ 964,159	\$0.00
September 30, 2014	\$ 20,368	\$ 2,274,821	\$0.01
June 30, 2014	\$ 11,892	\$ 2,031,846	\$0.00
March 31, 2014	\$ 22	\$ 127,065	\$0.01

Explanatory Notes:

- (1) Comprehensive loss by quarter is often materially affected by the timing and recognition of large non-cash income, expenses, write-offs or changes in foreign exchange rates.

## 2. Exploration Programs and Expenditures

For more detailed information regarding the Company's mineral properties please refer to note 5, "Mineral Properties" in the Company's interim condensed consolidated financial statements for the year ended December 31, 2015. As of December 31, 2015, total accumulated exploration and evaluation expenditures for each mineral property are summarized as follows:

Resource Property	Balance 31-Dec-13	Additions 2014	Foreign Exchange	Write-off 2014	Balance 31-Dec-14	Additions 2015	Foreign Exchange	Balance 31-Dec-15
Hasbrouck	\$ -	\$3,789,166	\$ -	\$ -	\$ 3,789,166	\$2,639,939	\$ 731,352	\$ 7,160,457
TUG	4,935,089	111,167	308,800	(1,662,697)	3,692,359	86,387	712,628	4,491,374
Rubicon	2,997,518	-	158,950	(3,156,468)	-	-	-	-
Total	\$7,932,607	\$3,900,333	\$ 467,750	\$(4,819,165)	\$ 7,481,525	\$2,726,326	\$1,443,980	\$11,651,831

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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### ***Hasbrouck and Three Hills***

On January 24, 2014 the Company entered into a binding letter agreement to acquire the Hasbrouck and Three Hills properties in southwestern Nevada for consideration of up to US\$30 million from ANV. A US\$0.5 million non-refundable cash deposit was paid to ANV upon execution of the letter agreement. A further US\$19.5 million cash payment was paid on April 23, 2014, at which time the Company acquired a 75% interest in the properties. The Company has the option to acquire the remaining 25% interest in the properties by paying an additional US\$10 million to ANV by October 23, 2016 in accordance with the terms and conditions of the letter agreement. If the Company does not make the additional payment to ANV, or if the Company offers the payment and ANV chose to decline the payment, the properties shall be transferred into a joint venture with the Company retaining a 75% interest and ANV retaining a 25% interest.

On March 10, 2015, ANV announced that it had filed for Chapter 11 bankruptcy protection in the U.S. and was implementing a financial restructuring of its debt. On June 19, 2015 Waterton acquired all of ANV's exploration properties and related assets (excluding the Hycroft operation) for US\$17.5 million. The bankruptcy of ANV and the subsequent acquisition of the 25% interest in the Hasbrouck project by Waterton does not alter the Company's legal rights or interests in the Hasbrouck Project and the Company continues to hold title to the properties.

The Company has advanced the properties to a prefeasibility study level. Since acquiring its 75% interest in the Hasbrouck properties in April 2014 the Company has conducted exploration and condemnation drilling, geotechnical and hydrological investigations and metallurgical studies on the properties. Prefeasibility engineering and modelling as well as permitting activities continued into 2015, culminating with the completion of the PFS as announced June 3, 2015 and filed on SEDAR on July 17, 2015.

### **Three Hills Permitting Update**

On November 27, 2015 the Company announced the receipt of a decision record and finding of no significant impact for the EA of the Three Hills mine. The receipt of the decision record signifies completion of the National Environmental Policy Act and EA process, and is the final major permitting step for construction to begin.

Three Hills qualified under an EA because of its small footprint of less than a square mile and the absence of "significant impacts" as determined by the Bureau of Land Management. West Kirkland plans to operate the Three Hills mine for at least two years, allowing time to permit and build the Hasbrouck mine. Hasbrouck's capital costs are projected to be significantly funded by cash flow from Three Hills. The option also exists to operate the Three Hills project for a longer period before commencing construction at Hasbrouck, thereby generating additional cash flow in order to reduce peak funding requirements on the Hasbrouck mine.

### **Hasbrouck Prefeasibility Study**

The Hasbrouck project's base case, as reported in the PFS effective June 3, 2015, has an after-tax IRR of 26% and a US\$75.3 million NPV at a 5% discount rate (NPV 5%) assuming a US\$1,225/oz gold price and a US\$17.50/oz silver price (all figures are based on 100% of the project). Processing is planned at an average 6.1 million ore tons per year for 71,000 ounces annual gold production for eight years.

In the PFS base case an adsorption-desorption-recovery ("ADR") plant is planned at Three Hills for stripping loaded carbon from both the Three Hills and Hasbrouck mines. Loaded carbon from an adsorption plant (carbon columns) at Hasbrouck is planned to be trucked five miles (eight kilometers) north to the Three Hills ADR plant where precious metals are to be recovered and doré bars produced.

Initial capital expenditures to construct the Three Hills mine and ADR plant are estimated at \$54.3 million. Further capital expenditures of \$83.0 million will be required in Year 1 and 2 to construct the larger Hasbrouck mine, of which \$43.5 million will be from free cash flow generated by Three Hills, with additional funding required of \$34.8 million. Peak funding is expected to be reached in Year 2 at \$89.1 million.

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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The PFS technical report includes an alternate scenario whereby construction at Hasbrouck is delayed by four months, allowing all cash flow from the Three Hills heap leach mine to be used for constructing the Hasbrouck Mine, eliminating the need to raise further funds for this purpose. In the alternate scenario, peak funding would be the initial requirement of US\$54.3 million to build Three Hills mine, while after-tax IRR is only slightly reduced from 26% to 24% and NPV from US\$75 million to US\$71 million.

The PFS includes a timeline showing the Three Hills mine operating for approximately two years followed by six years of operations at the Hasbrouck mine to produce 567,000 ounces of gold over eight years. The life of mine stripping ratio is modeled at 1.1:1. Adjusted operating costs for the project are predicted to be US\$708 per ounce of gold, with all-in sustaining costs of US\$779 per ounce of gold.

Three Hills is planned as a run-of-mine heap leach operation using conventional open pit, truck-and-shovel mining. Run-of-mine material is to be placed on the leach pad at up to 15,000 tons per day. A large-scale metallurgical test on un-crushed material predicts 79% gold recovery.

The Hasbrouck mine is designed as a 17,500 ton-per-day heap-leach operation. Crushing is designed to be by a primary jaw crusher, two secondary cone crushers, and a tertiary high pressure grinding roll (HPGR). The crushed product is to be agglomerated with cement in a pug mill and conveyed to a leach pad. Metallurgical tests of Hasbrouck ore in a lab-scale HPGR predict that using this machine for tertiary crushing should result in a gold recovery of 72.9% and silver recovery of 11%. Gold, and silver in the case of Hasbrouck, is to be leached using industry standard solutions which will be passed through carbon columns to extract the precious metals.

The PFS was filed on SEDAR on July 17, 2015. The technical report, titled "Technical Report and Preliminary Feasibility Study: Hasbrouck and Three Hills Gold-Silver Project, Esmeralda County, Nevada," is dated effective June 3, 2015 and was prepared in conformance with NI 43-101 by Thomas L. Dyer, P.E. and Paul Tietz, C.P.G. of Mine Development Associates ("MDA") of Reno, Nevada, who are WKM's Independent Qualified Persons as defined under NI 43-101.

Exploration for extending the potential mine life at Three Hills is to be conducted once cash flow is established. The Three Hills and Hasbrouck deposits are located within a large land position with near surface gold intercepts that are proximal to, and not presently included, in the resource models. These intercepts are viable exploration targets, drilling of which is planned after achieving initial production.

### Hasbrouck Project Resources

Resources are reported inclusive of reserves and are based on 100% of the project.

<b>Hasbrouck Deposit Reported Mineral Resources* November 3, 2014, Mine Development Associates (0.006oz AuEq/ton Cutoff)</b>					
<b>Class</b>	<b>Tons</b>	<b>oz Au/ton</b>	<b>oz Au</b>	<b>oz Ag/ton</b>	<b>oz Ag</b>
Measured	8,261,000	0.017	143,000	0.357	2,949,000
Indicated	45,924,000	0.013	595,000	0.243	11,147,000
M+I	54,185,000	0.014	738,000	0.260	14,096,000
Inferred	11,772,000	0.009	104,000	0.191	2,249,000
Notes: oz AuEq/ton = oz Au/ton + (oz Ag/ton x 0.000417)					

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

<b>Class</b>	<b>Tons</b>	<b>oz Au/ton</b>	<b>oz Au</b>
Indicated	10,897,000	0.017	189,000
Inferred	2,568,000	0.013	32,000

### Notes:

1. CIM definitions are followed for classification of Mineral Resources
2. Mineral Resources are estimated using a gold price of US\$1,300 per ounce and a silver price of US\$22 per ounce
3. Totals may not represent the sum of the parts due to rounding.
4. The Mineral Resources have been prepared by Paul Tietz, C.P.G of Mine Development Associates in conformity with CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with the Canadian Securities Administrators NI43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all mineral resource will be converted into mineral reserve.

### Hasbrouck Project Reserves

The PFS, Mineral Resource Estimate and Reserves were prepared in conformance with NI 43-101 by MDA. Proven and Probable reserves (based on 100% of the project) total 45.3 million tons containing 762,000 ounces gold and 10.6 million ounces silver as detailed below:

<b>Three Hills</b>		<b>K tons</b>	<b>Grade (oz Au/ ton)</b>	<b>K oz Au</b>	<b>oz Ag/ton</b>	<b>K oz Ag</b>
0.005 opt Au cutoff	Proven	-	-	-	-	-
	Probable	9,653	0.018	175	-	-
	P&P	9,653	0.018	175	-	-
<b>Hasbrouck</b>						
Variable <sup>(3)</sup>	Proven	6,242	0.020	127	0.410	2,562
	Probable	29,374	0.016	461	0.273	8,007
	P&P	35,617	0.017	588	0.297	10,569
<b>Total Hasbrouck Project</b>						
Variable <sup>(3)</sup>	Proven	6,242	0.020	127	0.410	2,562
	Probable	39,028	0.016	635	0.205	8,007
	P&P	45,270	0.017	762	0.233	10,569

### Notes:

1. The estimation and classification of Proven and Probable reserves have been prepared by Thomas L. Dyer, P.E., of Mine Development Associates following CIM standards
2. Reserves are estimated based on \$1,225/oz gold and \$17.50/oz silver
3. Cutoff grades used for reserves are: Three Hills 0.005 oz Au/ton, Hasbrouck Upper Siebert 0.008 oz Au/ton, and Hasbrouck Lower Siebert 0.007 oz Au/ton
4. It is MDA's opinion that the sampling, assaying, and security procedures used at Three Hills and Hasbrouck follow industry standard procedures, and are adequate for the estimation of the current mineral reserves.
5. MDA completed audits of the database, performed a site visit, reviewed QAQC data and confirmed historic assays. After performing their review, they consider the assay data to be adequate for the estimation of the current mineral reserves.
6. MDA has reviewed and verified the data disclosed in the above table to be in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines in accordance with NI 43-101.

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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### ***Fronteer, Nevada Property Option***

On December 14, 2010, the Company entered into an agreement with Fronteer Gold Inc. ("Fronteer") to option 11 properties which total approximately 234 km<sup>2</sup> in north eastern Nevada and Utah. On February 3, 2011 Fronteer was acquired by Newmont Mining Corporation ("Newmont"). The acquisition of Fronteer had no effect on the agreement with the Company. Under the agreement the Company had the option of earning a 60% interest on any of the properties by spending an aggregate \$4,000,000 over two years or completing a pre-feasibility study on any designated property. The Company completed sufficient work to earn a 60% interest in the TUG property. The Company did not earn or retain interests in any other of the Fronteer properties and rights to all such properties except TUG were relinquished in 2013.

### TUG

The TUG deposit is exposed or near surface for the most part and is shallow dipping, making it a suitable target for open pit mining methods. An NI 43-101 PEA technical report was completed by Roscoe Postle Associates Inc. The study predicted a 26% after-tax IRR and a US\$9 million NPV(8%) at US\$1,525 gold/US\$28 silver and an in-pit indicated resource of 114,000 ounces gold plus 5.4 million ounces silver with an inferred resource of 3,000 ounces gold plus 298,000 ounces of silver.

In the future the Company will need to complete negotiations for a Joint Venture arrangement with Newmont to establish the operational and management framework for the TUG property. The Company will be the manager and project operator of the Joint Venture. The Company as the project operator would have the right to determine programs and expenditures. A technical steering committee comprised of members from Newmont and West Kirkland will be established so that the project may benefit from the collective knowledge and expertise of both companies. Given current gold prices and the Company's focus on the Hasbrouck Project, the carrying value of the TUG property was written down to \$3.7 million in 2014.

### ***Rubicon, Nevada Property Option***

On June 23, 2011, the Company entered into an agreement with Rubicon Minerals Corporation ("Rubicon") to option 909 km<sup>2</sup> in northeastern Nevada by spending US\$15 million over four years. The Company chose to focus on other properties and all deferred acquisition and exploration costs were written off in the previous year. As the minimum yearly spend requirements were not fulfilled the agreement has now officially lapsed and the Company retains no interest in these properties.

## **3. Liquidity and Capital Resources**

In December 2015, the Company closed a non-brokered private placement of 14,000,000 shares at a price \$0.05 per share for gross proceeds of \$700,000.

During 2014 the Company raised gross proceeds of \$34.3 million in equity offerings. The majority of these funds were used for the US\$20 million acquisition of the Hasbrouck and Three Hills properties with the remainder used for project development, exploration and general working capital purposes.

The financial statements are prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Although management expects to successfully complete additional equity financings, there is no absolute assurance that such financings will be concluded successfully or on terms favourable to the Company. If equity financings are delayed or unsuccessful, there would be changes in the timing and amount of expenditures on the Company's mineral interests, and/or the Company may be unable to continue as a going concern. If the Company was unable to continue as a going concern there would be changes in the carrying amounts of assets and liabilities and the statement of financial position classifications used.

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

### 4. Off Balance Sheet Arrangements

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet.

### 5. Transactions with Related Parties

The Company paid remuneration for the following items with companies related by way of directors in common:

	Year ended December 31, 2015	Year ended December 31, 2014
Administration fees	\$ 42,000	\$ 42,000
Professional fees	60,000	60,000
Rent	54,428	54,306
Directors Fees	126,250	121,566
<b>Total Related Party Transactions</b>	<b>\$ 282,678</b>	<b>\$ 277,872</b>

For the year ended December 31, 2015, the Company accrued and paid \$42,000 (December 31, 2014 - \$42,000) for day-to-day administration, reception and secretarial services and \$60,000 (December 31, 2014 - \$60,000) for accounting services; and \$54,428 (December 31, 2014 - \$54,306) for rent to Platinum Group Metals Ltd., a company related by virtue of common directors and officers. Amounts payable at period end include an amount of \$8,801 to Platinum Group Metals (December 31, 2014 - \$30,686).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

### Compensation of Key Management Personnel

	December 31, 2015	December 31, 2014
Salaries and management fees	\$ 465,660	\$ 547,281
Directors fees	126,250	121,566
Share-based payments	-	451,661
<b>Total compensation of key management personnel</b>	<b>\$ 581,910</b>	<b>\$ 1,120,508</b>

### 6. Proposed Transactions

As is typical of the mineral exploration and development industry, the Company periodically reviews potential merger, acquisition, investment, joint venture and other opportunities that could enhance shareholder value.

### 7. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Management has identified (i) mineral property acquisition and deferred exploration costs (ii) provision for environmental reclamation and closure costs, (iii) deferred tax provision (iv) share-based compensation and (v) recoverability of its interest in mineral properties as the main estimates for the following discussion. Please refer to Note 2 of the Company's 2015 audited annual

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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consolidated financial statements for a description of the significant accounting policies and critical accounting estimates.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews the carrying value of its mineral properties for recoverability when events or changes in circumstances indicate that the properties may be impaired. If such a condition exists and the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the estimate of the amount of impairment and related fair value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Environmental reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the fair value of liabilities for reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

The deferred tax provision is based on the liability method. Future taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company does not recognize any deferred tax assets unless it is probable that the deferred tax amount will be realized in the foreseeable future.

### **8. Changes in Accounting Policies**

The accounting policies applied in preparation of the audited annual consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2014 with the exception of certain amendments to accounting standards issued by the International Accounting Standards Board ("IASB"), which were applicable from January 1, 2015. For the purpose of preparing and presenting the financial information for the relevant year, the Company has adopted the following new standard relevant to the current year:

*IFRS 8, Operating Segments*, requires an entity to disclose the judgements made by management in applying aggregation criteria to operating segments and to provide clarity that a reconciliation of a reportable segments' total assets and the entity's assets should only be provided if the segment asset details are regularly provided to the chief operating decision maker. IFRS 8 is effective for annual periods commencing on or after July 1, 2014 and did not have a significant impact on the Company's consolidated financial statements.

### **9. Financial Instruments and Other Instruments**

The Company has designated its cash as loans and receivables, and it is measured at cost which approximates fair value. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Reclamation bonds are classified as held to maturity and are measured at amortized cost, adjusted for current exchange rates. Trades payable and other liabilities are classified as other financial liabilities and are recorded at amortized cost. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their capacity for prompt liquidation.



# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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### 10. Risks and Uncertainties

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian regulatory filings prior to making an investment in the Company. For a discussion of risk factors applicable to the Company, see the section entitled "Risk Factors" in the Company's most recent annual information form filed with the Canadian provincial securities regulators.

Without limiting the foregoing, the most significant risks and uncertainties faced by the Company are: the inherent risk associated with mineral exploration and development activities; the uncertainty of mineral resources and their development into mineable reserves; uncertainty as to potential project delays from circumstances beyond the Company's control; as well as title risks; political risks; risks associated with fluctuations in foreign exchange rates; risks associated with fluctuations in metal prices; risks associated with the possible failure to obtain mining licenses and/or obtain the capital required for project and mine development.

### 11. Disclosure on Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's accounting policies.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### 12. Outstanding Share Data

The Company has an unlimited number of common shares authorized for issuance without par value. At December 31, 2015 there were 308,134,169 common shares outstanding, 7,590,000 incentive share options outstanding and 220,940,833 common share purchase warrants outstanding. At April 29, 2016 there was no change to the common shares and share purchase warrants and the Company has 10,650,000 incentive share options outstanding. During the year and subsequent to year end the Company made no changes to the exercise price of outstanding options through cancellation and reissuance or otherwise.

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2015

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### 13. Outlook

In conjunction with the completion of the Company's offerings of securities in April and May 2014 the Company acquired a 75% interest in the Hasbrouck and Three Hills properties in Nevada, USA. The Company has been focusing its efforts and resources on the engineering, permitting, development and operation of these projects.

Currently the Company has approximately \$0.5 million dollars in cash. The Company has proactively taken steps to lower its overhead and staff costs to conserve working capital. The Company plans to conserve cash while only utilizing working capital where necessary to achieve its short-term objectives, after which additional equity and/or debt financing will be required to advance its projects.

The Company has recently used very inexpensive field sampling and geochemical techniques to look for covered mineralization, combining this work with historic geological and geochemical data on the Hasbrouck and Three Hills properties. This sampling has prioritized structures for possible Hasbrouck type deposits along the known trends.

On November 27, 2015 the Company announced the receipt of a decision record and finding of no significant impact for the EA of the Three Hills mine. The receipt of the decision record signifies completion of the National Environmental Policy Act and EA process, and is the final major permitting step for construction to begin.

The Company plans to complete required permitting and the determination of final project configuration for the Hasbrouck and Three Hills properties as a precursor to final project definition, economic evaluation, and consideration of construction financing alternatives.

The Company has undertaken a strategic review process lead by Cormark Securities to look at alternatives in mergers or acquisitions to improve shareholder value or achieve synergies.

### Additional Information

Additional information relating to the Company can also be found on SEDAR.

### Approval

The Board of Directors of West Kirkland Mining Inc. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### List of Directors and Officers:

Directors: R. Michael Jones  
Frank Hallam  
Pierre Lebel  
John Brock  
Kevin Falcon

Officers: R. Michael Jones (President and Chief Executive Officer)  
Frank Hallam (Chief Financial Officer and Corporate Secretary)  
Sandy McVey (Chief Operating Officer)