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TSX-V: KES

**KESSELRUN RESOURCES LTD.  
MANAGEMENT DISCUSSION AND  
ANALYSIS FOR  
THE YEAR ENDED JULY 31, 2016**

## INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Kesselrun Resources Ltd. (the “Company” or “Kesselrun”), has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of November 28, 2016, and should be read in conjunction with audited financial statements for the year ended July 31, 2016, and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a “Venture Issuer” as defined in National Instrument 51-102. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company’s website at <http://www.kesselrunresources.com>.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of our exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## COMPANY OVERVIEW

### Background

Kesselrun is a Canadian mineral exploration company based in Thunder Bay, Ontario. The Company's principal focus is its Bluffpoint property ("Bluffpoint"), covering 4,608 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario. The Company does not have any assets or mineral properties that are in production. The Company was incorporated on May 18, 2011, under the laws of British Columbia and was a capital pool company ("CPC") under the TSX Venture Exchange ("TSX-V") Policy 2.4. On July 18, 2012, the Company completed its qualifying transaction by entering into a property option agreement to acquire 100% interest in Bluffpoint property and changing its name to "Kesselrun Resources Ltd."

In 2016 Kesselrun has been approved under the Junior Exploration Assistance Program (the "JEAP") sponsored by the Northern Ontario Heritage Fund Corporation and the Ontario Prospectors Association. The JEAP grant will provide Kesselrun with a rebate of up to 33.33% on approved exploration expenses at the Bluffpoint and Huronian projects, to a maximum of \$100,000 for each project. As of the date of this report the Company have not applied for a rebate on its exploration expenses pending receipt of results from its exploration program.

### Significant Events

#### April Private Placement Financing

On April 8, 2016, the Company closed its private placement offering (the "April Offering"), which consisted of 600,000 flow-through shares (the "FT Shares") at a price of \$0.05 per FT Share and 4,400,000 non-flow-through units (the "NFT Units") at a price of \$0.05 per NFT Unit for gross proceeds of \$250,000. Each NFT Unit consists of one common share and one half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles a holder to purchase one common share at a price of \$0.10 for a period of two years expiring April 8, 2018.

In connection with the April Offering, the Company paid finder's fees, as permitted by the policies of the TSX Venture Exchange, comprised of \$17,500 cash and 196,000 warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase one common share at a price of \$0.10 for a period of two years expiring April 8, 2018.

The Company recognized a liability associated with the premium received on the FT Shares of \$17,780, which was taken into income at July 31, 2016, since the Company had incurred enough exploration costs to be able to renounce the said premium under applicable rules and regulations.

All securities issued under the April Offering were subject to a hold period of four months and one day from the date of closing, which expired on August 9, 2016.

#### June Private Placement

On June 14, 2016, the Company closed its private placement offering (the "June Offering"), which consisted of 2,849,333 flow-through units (the "FT Units") at a price of \$0.15 per FT Unit for gross proceeds of \$427,400. Each FT Unit consists of one flow-through common share and one half of one common share purchase warrant (a "June Warrant"). Each whole June Warrant entitles a holder to purchase one non-flow-

through common share at a price of \$0.20 for a period of twelve months expiring June 14, 2017. Since the FT Units issued as part of June Offering were not issued at a premium, the Company did not recognize a flow-through share premium liability associated with these FT Units.

In connection with the June Offering, the Company paid cash finder's fee totaling \$38,990, as permitted by the policies of the TSX Venture Exchange.

All securities issued under the June Offering were subject to a hold period of four months and one day from the date of closing, which expired on October 15, 2016.

#### Grant of Options

During the year ended July 31, 2016, and up to the date of the filing of this MD&A, the Company granted incentive stock options to acquire up to 1,045,000 of the Company's common stock as outlined in the table below:

**Table 1. Options granted during the Year ended July 31, 2016.**

Grant Date	Amount	Exercise Price	Expiry Date
April 13, 2016	300,000	\$0.06	April 13, 2021
May 3, 2016	150,000	\$0.08	May 3, 2018
May 31, 2016	595,000	\$0.11	May 31, 2021
<b>Total options granted</b>	<b>1,045,000</b>		

The above stock options were granted to the consultants of the Company in accordance with the Company's rolling stock option plan, which was approved by the shareholders of the Company at the Annual General Meeting held on December 9, 2015.

Any securities issued pursuant to the exercise of the above stock options will be subject to a four-month hold period from the date of grant in accordance with securities regulation.

During the same period, the Company cancelled incentive stock options to acquire up to 150,000 common shares of the Company, which were previously issued to a consultant and were exercisable at a price of \$0.60 per common share expiring on December 5, 2017.

#### Tamaka Debentures Receivable

The Company holds three senior unsecured convertible debentures of Tamaka Gold Corporation ("Tamaka") in the aggregate principal amount of \$2,139,900 (the "Debentures"). The Debentures earn interest at a fixed rate of 10% per annum compounded annually, and are unsecured. At the election of Tamaka, up to 50% of the interest may be paid by the issuance of additional debentures of Tamaka. The Debentures are subject to certain restrictions on transfer and a right of first refusal in favour of Tamaka.

The Debentures are automatically convertible in case of a liquidity event (the "Liquidity Event"), which is defined as (i) the receipt by Tamaka of a final decision document (a "Decision Document") from a Canadian securities regulator for a final prospectus in relation to an initial public offering of common shares or units of Tamaka or any subsidiary of Tamaka (an "Initial Public Offering"); (ii) the filing on SEDAR of a disclosure document in relation to a reverse take-over, whereby a publicly listed company acquires, directly or indirectly, all the issued and outstanding common shares of Tamaka (an "RTO Filing"); or (iii) the sale of a majority of the issued and outstanding common shares, representing a change of control of Tamaka or any of

































a Director and Vice President of Exploration for Red Metal Resources Ltd., a mineral exploration company quoted on the OTC Pink, and Director of Fairmont Resources Inc., a TSX Venture Exchange company.

**John da Costa – Director, CFO**

Mr. da Costa has served as a Director, Chief Financial Officer, and Corporate Secretary of the Company since July 18, 2012. Mr. da Costa is the President of Da Costa Management Corp., a BC company that provides corporate management, bookkeeping and accounting services to public and private companies. Mr. da Costa has acted as CFO, Corporate Secretary and director of several reporting issuers listed on the OTCQB, OTC Pink, and the TSX Venture Exchange.

**Caitlin Jeffs, P.Geol – Director**

Ms. Jeffs has served as a Director of the Company since July 18, 2012. Ms. Jeffs received her Honours B.Sc. in Geology from the University of British Columbia in 2002. She is a professional geologist on the register of the Association of Professional Geoscientists of Ontario. She worked for Placer Dome (CLA) Ltd. in Canada from February 2003 until May 2006 where she worked as both a project geologist managing drill programs for the exploration department at Placer Dome's Musselwhite Mine in Northwestern Ontario and then as part of the generative team evaluating potential projects in Northwestern Ontario. Placer Dome (since acquired by Barrick Gold Corp. and Gold Corp.) was a major mining company with operations in North America, Australia, Africa and South America. Ms. Jeffs is one of the founders and Vice President of Fladgate Exploration Consulting Corporation of Thunder Bay, ON, a full service mineral exploration consulting firm with over 30 employees and a roster of publicly traded clients. Ms. Jeffs is also a Director and President of Red Metal Resources Ltd., a mineral exploration company quoted on the OTC Pink.

**Yanika Silina, CPA, CMA – Director**

Ms. Silina, has served as a director of the Company since December 23, 2014. Ms. Silina is a Chartered Professional Accountant and holds a Diploma in Management Studies from Thompson Rivers University. Ms. Silina is currently the CFO and director of Cell MedX Corp., a reporting issuers listed on the OTCQB, and the CFO of Lifestyle Delivery Systems Inc., a reporting issuer listed on the Canadian Securities Exchange. Ms. Silina has previously held various management positions with other public companies listed on OTCQB and Canadian Securities Exchange.

**ADDITIONAL INFORMATION**

Additional information concerning the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).