China Minerals
MINING CORPORATION

(An Exploration Stage Entity)

# CONSOLIDATED FINANCIAL STATEMENTS

## For the Years ended

## November 30, 2015 and 2014

**Independent Auditor's Report**

**To the Shareholders of China Minerals Mining Corporation**

We have audited the accompanying consolidated financial statements of China Minerals Mining Corporation, which comprise the consolidated statements of financial position as at November 30, 2015 and November 30, 2014 and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise 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 China Minerals Mining Corporation as at November 3o, 2015 and November 30, 2014 and its financial performance and 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 financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about China Minerals Mining Corporation's ability to continue as a going concern.

*signed "**PricewaterhouseCoopers LLP**"*

**Chartered Professional Accountants**

Vancouver, British Columbia
February 22, 2016

**China Minerals Mining Corporation**
**(An Exploration Stage Entity)**
**Consolidated Statements of Financial Position**
**(Expressed in Canadian dollars)**

| | November 30, 2015 | November 30, 2014 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents (Note 3) | $ 275,582 | $ 662,462 |
| Short-term investments (Note 4) | 11,500 | 11,500 |
| Other receivables | 2,832 | 5,285 |
| Prepaid expenses | 9,577 | 79,340 |
| Supplies inventory | - | 10,000 |
| | 299,491 | 768,587 |
| Property, plant and equipment (Note 5) | 562,428 | 950,654 |
| Reclamation bonds (Note 6) | 349,444 | 349,444 |
| Exploration and evaluation assets (Note 6) | 7,000,000 | 18,834,105 |
| | $ 8,211,363 | $ 20,902,790 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 154,993 | $ 61,741 |
| Asset retirement obligation (Note 7) | 1,619,054 | 1,275,890 |
| | 1,774,047 | 1,337,631 |
| **EQUITY** | | |
| Share capital (Note 8) | 51,550,715 | 51,550,715 |
| Share-based payment reserve | 9,764,046 | 9,764,046 |
| Foreign currency translation reserve | 5,411 | 1,918 |
| Deficit | (54,882,856) | (41,751,520) |
| | 6,437,316 | 19,565,159 |
| | $ 8,211,363 | $ 20,902,790 |

**Nature of operations and going concern** (Note 1)
**Commitment and contingency** (Note 10)
**Subsequent event** (Note 16)

*The accompanying notes are an integral part of the consolidate financial statements.*

Approved on behalf of the Board:

*"Jeannine Webb"* — Director

*"Ling Zhu"* — Director

## China Minerals Mining Corporation
### (An Exploration Stage Entity)
### Consolidated Statements of Operations and Comprehensive Loss
### For the Years Ended November 30
### (Expressed in Canadian dollars)

| | 2015 | 2014 |
|---|---|---|
| **Expenses** | | |
| Accretion of asset retirement obligation | $ 28,700 | $ 38,687 |
| Amortization | 828 | 2,414 |
| Director and executive fees | 156,506 | 222,000 |
| Filing fees and transfer agent | 19,441 | 19,471 |
| Professional and consulting fees | 156,428 | 108,949 |
| Rent and office expenses | 43,702 | 329,542 |
| Salaries and benefits | 131,237 | 205,760 |
| Shareholder and investor relations | 4,770 | 6,388 |
| Share-based payments | - | (107) |
| Travel and others | 1,726 | 2,116 |
| Camp maintenance | 116,111 | - |
| Community relations | 70,000 | - |
| **Total expenses** | (729,449) | (935,220) |
| | | |
| **Other income (expenses)** | | |
| Interest income | 6,469 | 15,138 |
| Other income (Note 11) | 66,176 | 194,222 |
| Gain (loss) on disposal of equipment | 9,233 | (2,620) |
| Write-off of supplies inventory | (10,000) | - |
| Write-off of equipment (Note 5) | (286,990) | - |
| Write-down of exploration and evaluation assets (Note 6) | (12,186,775) | - |
| **Net loss for the year** | (13,131,336) | (728,480) |
| | | |
| **Item that may be reclassified subsequently to profit or loss** | | |
| Cumulative translation adjustments | 3,493 | 3,847 |
| **Loss and comprehensive loss for the year** | (13,127,843) | (724,633) |
| | | |
| **Basic and diluted loss per common share** | (0.07) | (0.00) |
| **Weighted average number of common shares outstanding** | 189,873,268 | 189,873,268 |

*The accompanying notes are an integral part of the consolidate financial statements.*

**China Minerals Mining Corporation**
**(An Exploration Stage Entity)**
**Consolidated Statements of Cash Flows**
**For the Years Ended November 30**
**(Expressed in Canadian dollars)**

| | 2015 | 2014 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Net loss for the year | (13,131,336) | (728,480) |
| Items not affecting cash: | | |
| Accretion of asset retirement obligation | 28,700 | 38,687 |
| Amortization | 828 | 2,414 |
| Share-based payments | - | (107) |
| (Gain) loss on disposal of equipment | (9,233) | 2,620 |
| Write-off of supplies inventory | 10,000 | - |
| Write-off of equipment | 286,990 | - |
| Write-down of exploration and evaluation assets (Note 6) | 12,186,775 | - |
| | (627,276) | (684,866) |
| Changes in non-cash working capital | | |
| Other receivables and prepaid expenses | 72,216 | (43,234) |
| Accounts payable and accrued liabilities | 111,814 | (93,885) |
| | (443,246) | (821,985) |
| **Investing activities** | | |
| Proceeds from sale of equipment | 11,565 | 1,280 |
| Proceeds from government exploration tax credits (Note 6) | 59,870 | - |
| Exploration and evaluation expenditures | (18,562) | (16,446) |
| Short-term investments | - | 822,353 |
| | 52,873 | 807,187 |
| **Effect of exchange rate changes on cash and cash equivalents** | 3,493 | 3,847 |
| **Decrease in cash and cash equivalents** | (386,880) | (10,951) |
| **Cash and cash equivalents, beginning of year** | 662,462 | 673,413 |
| **Cash and cash equivalents, end of year** | $ 275,582 | $ 662,462 |

*The accompanying notes are an integral part of the consolidate financial statements.*

**China Minerals Mining Corporation**
**(An Exploration Stage Entity)**
**Consolidated Statements of Changes in Equity**
**For the Years Ended November 30, 2015 and 2014**
**(Expressed in Canadian dollars)**

| | Number of Shares | Share Capital | Share-based Payment Reserve | Foreign Currency Translation Reserve | Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| **Balance, December 1, 2014** | 189,873,268 | $ 51,550,715 | $ 9,764,046 | $ 1,918 | $ (41,751,520) | $ 19,565,159 |
| Net loss for the year | - | - | - | - | (13,131,336) | (13,131,336) |
| Cumulative translation adjustment | - | - | - | 3,493 | - | 3,493 |
| **Balance, November 30, 2015** | 189,873,268 | $ 51,550,715 | $ 9,764,046 | $ 5,411 | $ (54,882,856) | $ 6,437,316 |

| | Number of Shares | Share Capital | Share-based Payment Reserve | Foreign Currency Translation Reserve | Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| **Balance, December 1, 2013** | 189,873,268 | $ 51,550,715 | $ 9,764,870 | $ (1,929) | $ (41,023,040) | $ 20,290,616 |
| Share-based payments expensed | - | - | (107) | - | - | (107) |
| Share-based payments capitalized | - | - | (717) | - | - | (717) |
| Net loss for the year | - | - | - | - | (728,480) | (728,480) |
| Cumulative translation adjustment | - | - | - | 3,847 | - | 3,847 |
| **Balance, November 30, 2014** | 189,873,268 | $ 51,550,715 | $ 9,764,046 | $ 1,918 | $ (41,751,520) | $ 19,565,159 |

## 1. NATURE OF OPERATIONS AND GOING CONCERN

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. The Company's registered office is Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "CMV". The Company and its subsidiaries are in the business of acquisition, exploration and development of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. The Company incurred a net loss of $13,131,336 for the year ended November 30, 2015 (2014 - $728,480), and negative cash flow from operations of $443,246 for the year ended November 30, 2015 (2014 - $821,985). As at November 30, 2015, the Company had cash of $275,582, working capital of $144,498 and an accumulated deficit of $54,882,856.

As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The available funds as of November 30, 2015 will not be sufficient for the coming fiscal year. The Company's ability to continue meeting its operational obligations is dependent upon its ability to raise additional financing. In the past, operating capital and exploration requirements have been funded primarily from private equity financing. While the Company has been successful in raising capital in the past there can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. In addition, the current depressed metal price negatively impacts the Company's ability to raise future financing. These material uncertainties cast significant doubt about the Company's ability as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on February 22, 2016.

### Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd. ("NAM"). The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

### Foreign currency translation

*Functional and presentation currency*

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's and its Canadian subsidiary's functional currency, except for its Chinese subsidiary (NAM), which has its functional currency in Renminbi ("RMB"). The financial statements of the Chinese subsidiary are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Equity – at historical rate
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates)

All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

*Transactions and balances*

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash held in the Company's bank accounts at major financial institutions and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or less from the date of purchase.

**Short-term investments**

Short-term investments are investments in guaranteed investment certificates with maturity over three months.

**Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated amortization and any impairment charges. The cost of an item of property, plant and equipment includes the purchase price and related costs in bringing the item to the location and preparing the condition necessary for its intended use, as well the estimated costs of dismantling, removing the item and restoring the site on which the item is installed.

Amortization expenses of assets used in exploration are capitalized to exploration and evaluation assets. Amortization is recorded over the expected useful lives of the assets on the declining balance basis at the following annual rates:

| | |
|---|---|
| Buildings and bridges | 10% |
| Site equipment | 20% |
| Vehicles | 30% |
| Computer equipment | 30% |
| Office furniture | 20% |

**Exploration and evaluation assets ("E&E" assets)**

The Company capitalizes costs related to the acquisition and exploration of E&E assets. These costs include drilling, assaying, geological, geophysical, technical studies and any other exploratory activities. E&E assets for which commercially viable reserves have been identified are reclassified to development assets. They are tested for impairment immediately prior to reclassification out of E&E assets. When an unproven mineral interest is abandoned, all related expenditures are written off to operations for the period.

**Impairment of non-current assets**

Property, plant and equipment and exploration and evaluation assets are assessed for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. An impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal. The Company reviews impairment on non-financial assets for possible reversal when events or circumstances warrant such consideration.

**Asset retirement obligation ("ARO")**

Restoration provision is made for future obligations to retire long-lived assets which include dismantling, removing facilities and restoring the affected areas to normal operations. The provision for future restoration costs is the best estimate of the present value of the cash flows required to settle the restoration obligation at the reporting date.

Upon initial recognition of the ARO liability, the amount is capitalized to the carrying value of the related asset and amortized as an expense over the economic life of the asset. The ARO liability increases in following periods as the accretion expenses are accounted for. The ARO is adjusted annually for changes to factors such as expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

**Share-based payments**

The Company uses the fair value method of accounting for share-based payments on stock option grants. Under this method, the cost of stock options is recorded based on the estimated fair value at the grant date, including an estimate of the forfeiture rate, and charged either to operations or capitalized to exploration and evaluation asset costs over the vesting period. The fair value is calculated using the Black-Scholes option pricing model.

Share-based payment transactions for employees and others providing similar services is determined based on the grant date fair value. Share-based payment for non-employees is determined based on the fair value of the goods or services received or option granted measured at the date on which the Company obtains such goods or services.

Each tranche in an option award is considered a separate award with its own vesting period. Share-based payment expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest. Where awards are forfeited, the expense previously recognized is proportionately reversed in the period the forfeiture occurs. If stock options are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

**Loss per share**

The Company uses the treasury stock method to calculate loss per share by taking the profit or loss for the period divided by the weighted average number of common shares outstanding during the period. Using the treasury stock method, the dilutive effect on loss per share is calculated presuming the exercise of outstanding stock options.

For the years ended November 30, 2015 and 2014, basic and diluted losses per share are the same as the effect of potential issuances of shares under outstanding stock options are proved to be anti-dilutive.

**Income taxes**

Income taxes comprise current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using enacted tax rates at the reporting date. Deferred tax is calculated using the liability method on temporary differences between the carrying values of assets and liabilities and their respective income tax bases.

Deferred tax assets and liabilities are measured at the enacted tax rates that are expected to apply when the assets are recovered and the liabilities settled. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that future taxable income will be available against which they can be used.

**Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and its related risks and rewards are transferred. Financial liabilities are derecognized when they expire, are discharged or cancelled.

The Company classifies its cash and cash equivalents, short term investments and other receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

**Management judgments and estimates**

The preparation of consolidated financial statements in accordance with IFRS requires management use of estimates, assumptions and judgment that impact the Company's reported financial results. These estimates are based on past experiences and expectations of future events. Uncertainty on these judgments could result in material reassessments of the carrying amounts in the Company's financial position.

The key judgments and estimates that affect the consolidated financial statements are:

*Impairment of exploration and evaluation assets (E&E assets)*

The Company carries out impairment assessment on its E&E assets when circumstances indicate their carrying values may exceed their recoverable amounts. During the year 2015, after impairment evaluations, the Company reduced its E&E assets to its estimated recoverable amount of $7 million.

The process of determining the impairment involves significant judgment and estimation on the recoverability of the E&E assets as it relies on both an interpretation of geological and technical data as well as market conditions including commodity prices, investor sentiment and global financing. As new information comes up, the recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

*Impairment of property, plant and equipment*

The Company carries out impairment assessment on its property, plant and equipment when circumstances indicate their carrying values may exceed their recoverable amounts. During the year 2015, after impairment evaluations, the Company recorded an impairment charge on its property, plant and equipment in the amount of $286,990.

The process of determining the impairment involves significant judgment and estimation on the recoverability of the carrying value of the property, plant and equipment, which is impacted by factors such as the condition of and demand for such assets. Therefore, actual recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

*Asset retirement obligation ("ARO")*

Provision on the retirement of the E&E assets and site restoration is based on many assumptions and judgments: future estimated costs, expected amounts of cash flows to discharge the obligation, timing of such cash flows and the prevalent market discount rate. Any changes to the assumptions will result in an adjustment to the provision which affects the Company's liabilities and operating results.

**New and amended accounting pronouncements**

Effective December 1, 2014, the Company adopted the following standard: IFRIC 21 - Levies This standard was issued on May 20, 2013 and provided guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The adoption of this standard did not have an impact on our consolidated financial statements.

Standards and amendments issued but not yet effective up to the date of authorization of these consolidated financial statements are as below:

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

## 3. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian dollar, U.S. dollar and Chinese renminbi and the details are as follows:

| | | November 30, 2015 | | November 30, 2014 |
|---|---|---|---|---|
| Cash at bank and in hand - Canadian dollars | $ | 34,048 | $ | 70,158 |
| Cash at bank and in hand - U.S. dollars | | 4,809 | | 4,112 |
| Cash at bank and in hand - Chinese reminbi | | 3,681 | | 37,609 |
| Short-term deposits - Canadian dollars | | 233,044 | | 550,583 |
| Cash and cash equivalents | $ | 275,582 | $ | 662,462 |

## 4. SHORT-TERM INVESTMENTS

At November 30, 2015, short-term investments consist of cashable guaranteed investment certificate with a year to maturity. The yield on the investment was between 0.4% and .9% (2014 – between 0.8% and 1.2%).

## 5. PROPERTY, PLANT AND EQUIPMENT

| Cost | Land | Buildings | Site Equipment | Vehicles | Computers | Office Furniture | Total |
|---|---|---|---|---|---|---|---|
| As at November 30, 2013 | $ 20,000 | $ 1,224,411 | $ 82,531 | $ 21,000 | $ 69,988 | $ 26,064 | $ 1,443,994 |
| Disposal | - | - | - | - | (5,000) | (8,000) | (13,000) |
| As at November 30, 2014 | 20,000 | 1,224,411 | 82,531 | 21,000 | 64,988 | 18,064 | 1,430,994 |
| Disposal | | - | - | (8,000) | - | - | (8,000) |
| Impairment write-down | - | (444,411) | - | - | - | - | (444,411) |
| As at November 30, 2015 | $ 20,000 | $ 780,000 | $ 82,531 | $ 13,000 | $ 64,988 | $ 18,064 | $ 978,583 |
| **Accumulated amortization** | | | | | | | |
| As at November 30, 2013 | $ - | $ 248,831 | $ 31,143 | $ 8,635 | $ 64,205 | $ 22,667 | $ 375,481 |
| Amortization | - | 97,559 | 10,276 | 3,710 | 1,734 | 680 | 113,959 |
| Disposal | - | - | - | - | (3,500) | (5,600) | (9,100) |
| As at November 30, 2014 | - | 346,390 | 41,419 | 12,345 | 62,439 | 17,747 | 480,340 |
| Amortization | - | 87,802 | 8,222 | 2,052 | 765 | 63 | 98,904 |
| Disposal | | - | - | (5,668) | - | - | (5,668) |
| Impairment write-down | - | (157,421) | - | - | - | - | (157,421) |
| As at November 30, 2015 | $ - | $ 276,771 | $ 49,641 | $ 8,729 | $ 63,204 | $ 17,810 | $ 416,155 |
| **Net book value** | | | | | | | |
| As at November 30, 2014 | $ 20,000 | $ 878,021 | $ 41,112 | $ 8,655 | $ 2,549 | $ 317 | $ 950,654 |
| As at November 30, 2015 | $ 20,000 | $ 503,229 | $ 32,890 | $ 4,271 | $ 1,784 | $ 254 | $ 562,428 |

For the year ended November 30, 2015, amortization of $98,076 (2014 - $111,545) was capitalized to exploration and evaluation assets and $828 (2014 - $2,414) expensed to operations.

As at November 30, 2015, the Company identified an impairment indicator in that the condition of certain items of property, plant and equipment continued to deteriorate to the extent that the Company no longer expects to utilise them.

As a result of identifying these indicators, the Company performed an impairment analysis on its property, plant and equipment and wrote then down to estimated fair value. As a result of this analysis, the Company recorded an impairment charge in the amount of $286,990.

## 6. EXPLORATION AND EVALUATION ASSETS

### Cassiar Project, British Columbia

The Company, through its subsidiary Cassiar Gold Corp., owns 100% of the Cassiar mineral assets. The Cassiar project is located in northern British Columbia, Canada.

The Cassiar project's two major areas of exploration and development activities are Table Mountain and Taurus properties. Table Mountain is a past-producing underground gold mine. The property has a fully permitted gold mill and tailings management facility which are available for future ore processing.

Since the acquisition of the Cassiar projects in 2008, the Company had conducted exploration programs on both Table Mountain and Taurus properties until 2013. For the years 2014 and 2015, the Company did not carry out any exploration activities except for maintaining the exploration permits.

*Ministry of Aboriginal Relations and Reconciliation*

In July 2013, the Ministry of Aboriginal Relations and Reconciliation (the "Ministry") advised the Company that they had signed an Incremental Treaty Agreement (the "ITA") with Kaska Dena Council which provides transfer of two Crown land parcels that cover part of the Company's subsurface rights over five of its mineral tenures to Kaska Dena

First Nations ("KDFN"). The ITA specifically excludes the subsurface rights and the transfer will provide ownership of the surface rights only.

During 2014, the Company contacted the Ministry expressing concerns over the transfer being processed without prior consultation with the Company and possible impact on Cassiar's exploration activities once the proposed transfer occurs. In January 2015, the Company and its legal counsel held a meeting with the Ministry over the issue. The Ministry maintained its position on the proposed transfer. On March 31, 2015, the land parcels for surface rights only were transferred to KDFN. In November 2015, the Company sent a letter to the Ministry advising them its intention to commence judicial review proceedings whereby the court reviews the actions of government officials for any breach of their procedural duties. See *Note 16 Subsequent Event* for further details.

At the end of the year ended November 30, 2015, the Company identified the continuing depressed metal market prices and the transfer by the Ministry of Aboriginal Relations and Reconciliation ("the Ministry") of two Crown land parcels to Kaska Dena First Nations ("KDFN"), which overlaps with the Company's five subsurface mineral tenures as impairment indicators.

Accordingly, the Company performed an impairment assessment for the Cassiar Project. As a result of this impairment assessment, the Company wrote down the carrying value of the project to its estimated fair value of $7 million.

In determining the estimated fair value of the project, the Company primarily considered comparable in-situ valuation and also the amount of exploration expenditures incurred by the Company on the project.

The Company's expenditures on its exploration and evaluation assets were as follows:

| | Year ended November 30, 2015 | 2014 |
|---|---|---|
| *Balance, beginning of the year* | $ 18,834,105 | $ 18,764,216 |
| *Acquisition and maintenance of mineral claims* | - | 796 |
| *Exploration costs* | | |
| Amortization | 98,076 | 111,545 |
| Asset retirement obligation (recovery) | 314,464 | (75,947) |
| Environmental and permits | - | 1,690 |
| Consulting and professional | - | 8,398 |
| Share-based payments | - | (717) |
| Property tax, insurance and others | - | 24,124 |
| *Costs incurred during the year* | 412,540 | 69,889 |
| *Less:* | | |
| Mineral exploration tax credits | (59,870) | - |
| Write-down of exploration and evaluation expenditures | (12,186,775) | - |
| *Balance, end of the year* | $ 7,000,000 | $ 18,834,105 |

Certain Canadian provincial government authorities provide incentives to encourage mineral property exploration and development in their jurisdictions. Such incentives include reimbursements of qualifying expenditures to a Company's exploration activities. The expenditures claimed for rebate are subject to review, audit and approval by the government authorities. The Company records such tax rebates on a cash basis.

During the year ended November 30, 2015, the Company received British Columbia mining exploration tax credits ("BCMETC") from the Canada Revenue Agency in the amount of $59,870 for reimbursements of its 2013 qualifying exploration expenditures on the Cassiar project. The exploration tax credit has been recorded as a reduction to the exploration and evaluation assets.

## 7. Asset Retirement Obligation ("ARO")

The Company has future obligations in retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

A continuity of the asset retirement obligation is as follows:

| | | November 30, 2015 | | November 30, 2014 |
|---|---|---|---|---|
| Asset retirement obligation - beginning balance | $ | 1,275,890 | $ | 1,313,150 |
| Change in estimates | | 314,464 | | (75,947) |
| Accretion expense | | 28,700 | | 38,687 |
| Asset retirement obligation - ending balance | $ | 1,619,054 | $ | 1,275,890 |

The total discounted cash flow estimated to settle the obligations as at November 30, 2015 was $1,619,054 which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 2.29%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be incurred in 2026.

At November 30, 2015, the Company has $349,444 (2014 - $349,444) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. The reclamation bonds are interest-bearing at prime rate less 1.95%, $85,000 of the reclamation bonds will be maturing on February 13, 2016 and $264,444 on August 15, 2016. The reclamation bonds are automatically renewed upon maturity.

## 8. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Issued and outstanding – see Consolidated Statements of Changes in Equity

### Stock option plan

The Company has a stock option plan whereby the maximum number of common shares reserved for issue shall not exceed 10% of the total number issued and outstanding common shares of the Company as at the grant date. At November 30, 2015, the maximum number of shares that may be reserved for issuance was 15,807,327. The term of option grants is from five to ten years. Options granted to investor relations consultants generally have one to two-year terms and are vested over a twelve-month period with 25% vested every three months from the date of grant. Options granted to directors, officers, employees and consultants have a five-year term and a vesting period of eighteen months with one-third vested every six months from the date of grant.

### Stock options

The continuity of the Company's stock options to November 30, 2015 is as follows:

| | Number of options | | Weighted average exercise price |
|---|---|---|---|
| Balance, December 1, 2013 | 5,159,600 | $ | 0.19 |
| Expired | (1,244,600) | | (0.40) |
| Forfeited | (150,000) | | (0.14) |
| Balance, November 30, 2014 | 3,765,000 | $ | 0.13 |
| Forfeited | (585,000) | | (0.13) |
| Balance, November 30, 2015 | 3,180,000 | $ | 0.13 |

At November 30, 2015, the Company's outstanding stock options are as follows:

| Number of Options Outstanding and Exercisable | Weighted Average Remaining Contractual Life (Yr) | Weighted Average Exercise Price | Expiry Date |
|---|---|---|---|
| 1,365,000 | 0.35 | 0.16 | April, 2016 |
| 500,000 | 0.66 | 0.12 | July, 2016 |
| 1,315,000 | 1.54 | 0.10 | June, 2017 |
| 3,180,000 | 0.94 | 0.13 | |

## 9. RELATED PARTY TRANSACTIONS

For the year ended November 30, 2015, the Company was charged office rents of $12,074 (2014 - $42,493) in regards to its Beijing subsidiary's office lease with Beijing Mansion No. 1 Real Estate Ltd. ("Beijing Mansion"). The office lease with Beijing Mansion was terminated in February 2015. As of November 30, 2015, the Company had no outstanding amounts (2014 - $nil) owed to its related party.

Beijing Mansion is considered a party related by way of a director and shareholder in common. The related party expenses were recorded at the exchange amounts as determined and agreed to by the parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

### Key management compensation

The Company's directors and Chief Executive Officer and Chief Financial Officer are considered key management personnel and their compensations are as follows:

| | Year ended November 30, 2015 | | 2014 | |
|---|---|---|---|---|
| Remuneration and short-term benefits | $ | 255,768 | $ | 349,050 |
| Share-based payments | | - | | - |
| Total compensation | $ | 255,768 | $ | 349,050 |

## 10. COMMITMENT AND CONTINGENCY

a) The Company has a commitment of $8,325 on its Vancouver office lease which will expire on August 31, 2016.

b) In September, 2015, the Company received notice from the British Columbia Environment Health Services ("Health Services") that the Health Services had received a complaint from a BC Hydro manager in respect of the camp facilities at the Cassiar project, which facilities were being leased to the Jade City BC Hydro Work Camp (the "Facilities") through a third party (the "Lessee"). The complaint held that a break had occurred in the sewer line at the Facilities, and as a result, there was evidence of a discharge of domestic sewage to both land and nearby drinking water. Consequently, the sewerage and water systems on the property have been discontinued. The existing sewerage system is to be repaired prior to reuse or a new water system be constructed by June 30, 2016. The Company has accrued an estimated remediation cost of $63,000 provided by Liard Engineering & Management.

## 11. OTHER INCOME

Other income for the year ended November 30, 2015 was $66,000 (2014 – 194,640) relating to the rentals of some of Cassiar's camp facilities, the provision of administrative services to a mineral exploration operation and for 2014 the subleasing rents of the Company's Vancouver offices.

## 12. SEGMENTED INFORMATION

*Operating segment*

The Company has one operating segment, being the acquisition, exploration and evaluation of mineral properties.

*Geographic segments*

The Company has two geographic segments - Canada and China. Their assets, liabilities, expenses and other income are as follows:

| | Year ended November 30, 2015 | | |
|---|---|---|---|
| | Canada | China | Total |
| Current assets | $ 290,785 | $ 8,706 | $ 299,491 |
| Property, plant and equipment | 562,428 | - | 562,428 |
| Reclamation bonds | 349,444 | - | 349,444 |
| Exploration and evaluation assets | 7,000,000 | - | 7,000,000 |
| **Total assets** | $ 8,202,657 | $ 8,706 | $ 8,211,363 |
| Current liabilities | $ 154,993 | - | $ 154,993 |
| Asset retirement obligation | 1,619,054 | - | 1,619,054 |
| **Total liabilities** | $ 1,774,047 | - | $ 1,774,047 |
| Expenses | $ (695,590) | $ (33,859) | $ (729,449) |
| Other income (expense) | (12,402,117) | 230 | (12,401,887) |
| Cumulative translation adjustments | - | $ 3,493 | 3,493 |
| **Loss and comprehensive loss for the year** | $ (13,097,707) | $ (30,136) | $ (13,127,843) |

| | Year ended November 30, 2014 | | |
|---|---|---|---|
| | Canada | China | Total |
| Current assets | $ 726,673 | $ 41,914 | $ 768,587 |
| Property, plant and equipment | 950,654 | - | 950,654 |
| Reclamation bonds | 349,444 | - | 349,444 |
| Exploration and evaluation assets | 18,834,105 | - | 18,834,105 |
| **Total assets** | $ 20,860,876 | $ 41,914 | $ 20,902,790 |
| Current liabilities | $ 58,669 | $ 3,072 | $ 61,741 |
| Asset retirement obligation | 1,275,900 | - | 1,275,900 |
| **Total liabilities** | $ 1,334,569 | $ 3,072 | $ 1,337,641 |
| Expenses | $ (863,536) | $ (71,684) | $ (935,220) |
| Other income (expense) | 207,040 | (300) | 206,740 |
| Cumulative translation adjustments | - | 3,847 | 3,847 |
| **Loss and comprehensive loss for the year** | $ (656,496) | $ (68,137) | $ (724,633) |

## 13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short term investments, other receivables, and accounts payable.

The fair values of the Company's cash and cash equivalent, short-term investments and other receivables approximate their carrying values, which are the amounts receivable on the consolidated statements of financial position date.

The fair value of the Company's property, plant and equipment and exploration and evaluation assets were estimated using level 3 inputs.

The fair values of the Company's cash and cash equivalent, short-term investments, other receivables and accounts payable approximate their carrying values, which are the amounts receivable/payable on the consolidated statements of financial position date.

**Financial risk management**

The Company is exposed to certain financial risks and the material ones are liquidity risk and credit risk. The Company's overall risk management is to maintain the Company's ability to continue as a going concern.

**Liquidity risk**

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2015, the Company's working capital was $144,498, has an accumulated deficit of $54.9 million with no sources of revenue.

The Company manages liquidity risk with an annual budget to identify the timeline and amounts of its financial requirements. Based on the 2016 operational budget authorized by the Board of Directors, the Company will not have sufficient funds to meet its obligations for the next twelve months. Refer to Note 1.

**Credit risk**

Credit risk arises from cash and cash equivalents and short-term investments held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash and cash equivalents, including guaranteed investment certificates, are held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

## 14. CAPITAL RISK MANAGEMENT

The Company's capital management objectives are to ensure its ability to continue as a going concern to meet its obligations in general operations and to maintain capital access for funding of its exploration activities at the Cassiar property.

The capital that the Company manages is the total of liabilities and equity on the consolidated statements of financial position. The Company may modify the capital structure to meet its funding needs by issuing new equity shares and/or debt instruments, disposing assets or bringing in joint venture partners. To facilitate the management of its capital, the Company prepares annual budgets approved by the Board of Directors. The budget is reviewed and updated periodically to account for changes in the expenditures and economic conditions.

## 15. INCOME TAXES

a) A reconciliation of deferred taxes (recovery) at statutory rates with the reported taxes is as follows:

| | | **2015** | | **2014** |
|---|---|---|---|---|
| Loss before income taxes | $ | (13,131,336) | $ | (728,480) |
| Statutory tax rate | | 26% | | 26% |
| Expected income tax recovery at statutory rates | | (3,414,147) | | (189,405) |
| Non-deductible expenses | | 1,011 | | 250 |
| Unrecognized benefits of non-capital losses | | 3,413,136 | | 189,155 |
| Total deferred tax recovery | $ | - | $ | - |

b) Details of deferred tax assets are as follows:

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Equipment | $ | 1,029,900 | $ | 1,006,797 |
| Resource deductions | | 2,332,736 | | (744,131) |
| Financing costs | | - | | 4,014 |
| Asset retirement obligation | | 420,954 | | 331,731 |
| Non-capital losses available for future periods | | 6,741,805 | | 6,583,706 |
| | | 10,525,395 | | 7,182,117 |
| Unrecognized tax benefits | | (10,525,395) | | (7,182,117) |
| Net deferred tax assets | $ | - | $ | - |

As of November 30, 2015, the Company has non-capital losses for Canadian income tax purposes of approximately $25,930,019 which can be carried forward to reduce taxable income in future years. These tax losses expire at various times between years 2016 and 2035. In addition, the Company has resource deductions available to reduce taxable income of future years. The Company did not recognize deferred income tax assets because the Company has a history of losses as evidenced by its accumulated deficit.

## 16. SUBSEQUENT EVENT

Subsequent to the year ended November 30, 2015, the Company filed in the BC Supreme Court a petition seeking to quash the March 31, 2015 transfer by the Ministry of Aboriginal Relations and Reconciliation of two Crown land parcels to Kaska Dena First Nation. The Company’s subsurface rights of its five mineral tenures have been adversely affected by the transfer.

China Minerals
MINING CORPORATION

(An Exploration Stage Entity)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## For the Year Ended

## November 30, 2015

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## GENERAL

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. China Minerals is listed on the TSX Venture Exchange under the symbol "CMV". The Company, an exploration stage entity, is in the business of acquisition, exploration and development of resource properties.

This Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on available information up to the date of this report, February 22, 2016 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended November 30, 2015 and 2014.

The financial information disclosed in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB"). All monetary amounts are expressed in Canadian dollars unless stated otherwise.

The Company's shares are listed on the TSX Venture Exchange under the symbol "CMV", and quoted on the Pink Sheets in the United States under the symbol "HWTHF". Additional information is available on SEDAR at www.sedar.com and on the Company's website at www.chinamineralsmining.com.

## FORWARD-LOOKING STATEMENTS

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

## DESCRIPTION OF BUSINESS

The Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd., are engaged in the exploration and development of mineral properties. The Company's main asset is the Cassiar Gold Project comprising the Table Mountain Property ("Table Mountain") and Taurus Property ("Taurus"), of which it owns 100% through its subsidiary, Cassiar.

The Company has conducted an extensive review of its mineral assets at Table Mountain and Taurus. The evaluation suggests that substantial exploration expenditures are required to prove up the asset potential and to further advance the projects. As such, an 8,200 m exploration-focused drilling campaign was carried out during the summer of 2012. The completed drilling program comprised 43 drill holes at Taurus and 10 drill holes at Table Mountain.

At Taurus, the 2012 drill holes were designed to a) test for down dip and along strike extensions to high-grade intercepts indentified in the historic drill hole database, b) step-out into peripheral, open ares of the deposit and c) infill, internal gaps in the deposit. In general, this program succeeded in demonstrating the presence of gold-bearing veins and structures well outside the known deposit area. Drill testing adjacent to high-grade intertercepts, however, met with mixed success.

At Table Mountain, the 2012 drill holes tested the Sky Vein prospect – a little-drilled but significant east-west trending structure known to contain gold-bearing veins in a setting very similar to the past-producing vein deposits on the property. Five of the ten drill holes encountered significant (> 10 m true width) veins below the Table Mountain thrust. However, assays are variable and inconclusive.

In 2013, the Company carried out a short surface exploration program on the southeast part of the Cassiar properties where geological mapping, prospecting and silt sampling were conducted. A geologist and a crew of three technicians completed the short field program under the supervision of the Chief Geologist. A total of 150 silt samples and 83 soil samples were taken as well as 22 outcrop rock samples showing alteration and/or veining.

The purpose of the field exploration program was to search for more Table Mountain style gold vein systems on the 50 $km^2$ Hunter-Pooley claims area. Some low grade veins are known to exist in the north western portion of the claims, but much of this area is under explored. The expenditure amounts on the program have been applied in April 2014 as exploration work assessment credits to extend the expiry date of Cassiar's mineral claims to March 2019.

In addition to a short surface exploration program in 2013, the Company also engaged Dale Sketchley, a specialist in gold resource evaluation with experience in the Cassiar Gold camp, to complete an in-depth evaluation of the Taurus gold deposit. His assessment report was to evaluate resource opportunity at Taurus and determine if further work could increase gold resources on the complex Taurus gold deposit.

## EXPLORATION AND EVALUATION ASSETS

Dale Sketchley, M.Sc., P.Geo., the Company's advisor and a Qualified Person as defined by National Instrument ("NI") 43-101, has reviewed and approved the technical information contained in this MD&A.

### Cassiar Gold Project, British Columbia

The Cassiar Gold Project is located in northern British Columbia. It comprises approximately 58,900 ha (including 217 mineral claims and 2 placer claims) of which the Company has 100% interest, which comprise the Table Mountain and Taurus Properties in the Liard Mining Division. The area is easily accessible by an all-weather road along Highway 37, which runs through the center of the Cassiar properties, and by subsidiary roads which allow easy access to many parts of the projects. The area also can be accessed via fixed-wing aircraft flights to the Cassiar airstrip which lies immediately to the west of the Taurus Property near the old Cassiar town site. The Company owns an accommodation facility on Highway 37 in Jade City, British Columbia located between Table Mountain and Taurus that can accommodate up to 70 people. An office and core logging facility are located to the southwest of the camp area.

Approximately 425,000 ounces of gold have historically been produced from the Cassiar district, mainly from underground mines on the Company's current land holdings on the Table Mountain Property. Gold mineralization is of the orogenic (mesothermal) gold type, and has many similarities in mineralization style and geological controls to the Cariboo Gold district in British Columbia, the Mother Lode belt of California, and to gold deposits of the Abitibi Greenstone belt in Ontario. Mineralization occurs in mafic volcanic-hosted, steeply dipping quartz-sulphide-carbonate vein systems which splay off shear zones that are developed in stacked thrust fault surfaces localized along carbonate altered ultramafic rocks and carbonaceous sedimentary rocks.

In 2009, the Company entered into a Resource Funding Agreement with the First Nation Kaska Dena Council on behalf of the BC Kaska in connection with the continued exploration and development of the Cassiar Gold Camp. Under the Agreement, China Minerals has agreed to provide resource funding to the BC Kaska to contribute to the cost of negotiating a Traditional Knowledge Protocol (the "TK Agreement") and a Socio-Economic Participation Agreement (the "SEPA"). The TK Agreement will assist the parties in establishing the appropriate traditional knowledge protocols for the exploration and development of the Property. The SEPA would include environmental, cultural, socio-economic, and business opportunities and benefits for members of the BC Kaska and their businesses.

In January 2012, the Company initiated a systematic compilation and evaluation of the data available for the Cassiar Gold Project. In spite of gaps in historic reporting, the Company amassed a coherent database comprising 2,418 drill hole collar locations (521 Taurus; 1,897 Table Mountain), 48,862 drill hole lithological intervals (15,486 Taurus; 33,376 Table Mountain) and 84,466 gold assay results (54,424 Taurus; 27,042 Table Mountain). Collectively, this database represents 259,814 m of drilling including 201,187 of surface and underground drilling at Table Mountain and 58,627 m of surface drilling at Taurus.

This database formed the basis for target evaluation and recommendation for the 2012 summer drilling program. Additionally, areas for historic core re-sampling and re-logging were identified.

#### *Table Mountain Property*

The Table Mountain Property is located south of Highway 37 within the southern portions of the Cassiar Gold Project and contains the Main (formerly Erickson), Bain, Cusac and Vollaug mines which are past producing underground high-grade gold mines. A permitted 270 tonne per day gravity/flotation mill, power plant, assay lab and tailings impoundment facility are located on the property, and were put under care and maintenance by previous owners in October 2007. Thirteen adits/portals, approximately 25 km of underground workings, and more than 23 km of surface access roads occur on the property.

Table Mountain contains several areas hosting NI 43-101 compliant resources supported by a technical report (the "Table Mountain Report") titled, "Technical Report on the Table Mountain Property, Liard Mining District, British Columbia" prepared by Clifford A. Pearson, P. Geo and Finley J. Bakker, P. Geo, which was filed on May 26, 2010 at www.sedar.com. In April 2015, the Company received a letter from British Columbia Securities Commission ("BCSC") advising that the above technical report has deficiencies as one of the authors, Finley J. Bakker, is not independent within the meaning of NI 43-101. Additionally, incorrect reporting formats were used. The Company has requested clarification on certain deficiencies identified by the BCSC. Dale A. Sketchley, M.Sc., P.Geo., the Company's Qualified Person, has reviewed the remaining deficiencies. The Company is in the process of preparing a revised technical report by a consultant.

Table Mountain resources occur principally in the Bain and Cusac mine areas, and include an indicated resource of 21,471 tonnes at an average grade of 18.02 g/t Au (approximately 12,440 troy ounces of gold) and an additional inferred resource of 19,306 tonnes at an average grade of 31.76 g/t Au (approximately 19,714 troy ounces of gold) in the East Bain system. Additional resources occur in the Cusac mine, mainly in the Eileen vein system. A summary of resources on the Table Mountain property that are derived from the Table Mountain Report are summarized in the table below:

| Category | Tonnes | Au uncut g/t | Au cut g/t | Density |
|---|---|---|---|---|
| Indicated Total | 21,471 | 18.02 | 16.24 | 2.70 |
| Inferred Total | 65,757 | 24.30 | 20.12 | 2.70 |

A feasibility study has not been completed on the Table Mountain property and there is no certainty that economically viable mining is possible.

During the year ended November 30, 2012, ten exploration drill holes for 1,340 m were completed at the Sky Vein prospect ("Sky Vein"). Sky Vein is hosted in a steeply-dipping fault / shear structure which splays from the shallowly dipping Table Mountain Thrust. The thrust structure separates overlying argillite sedimentary rocks from underlying basalt and locally the thrust contains strongly hydrothermally altered ultramafic rocks (listwanite). This is a similar geological setting to the veins exploited, for example, at the Main and Cusac mines. Sulphide-bearing quartz veins from 8.30 to 30.10 m true width were encountered in five of the ten 2012 drill holes. Assay results were generally low from these quartz intersections, however, wallrock adjacent to this vein returned up to 1.91 g/t Au over 12.50 m.

***Taurus Property***

The Taurus Property is located north of Highway 37 within the northern portions of the Cassiar Gold Project. The Property contains the Taurus Gold Deposit ("Taurus Deposit"), a large gold system which has been the focus of recent exploration on the project. The Taurus Deposit is located approximately eight kilometres from the company's milling facility, and is located along the main access road to the former town of Cassiar. It lies low in the valley in an area of subdued topography, allowing year round exploration and ease of access. The Taurus underground mine produced approximately 35,000 ounces of gold from eastern portions of the Taurus Deposit in the 1980s. The Taurus Deposit was explored by previous operators with the objective of evaluating the potential for both large tonnage open pit and high grade underground mines. Sable Resources Ltd. holds a 2.5% Net Smelter Return Royalty (NSR) on a group of ten claims (Mack 1 to 4, Hopeful 1 to 4, Hillside and Highgrade) on the Taurus Property which cover a portion of the Taurus Deposit.

The Taurus Deposit hosts an inferred resource of 1.06 million ounces of gold comprising of 33.1 million tonnes at an average capped grade of 0.99 g/t Au using a cut-off grade of 0.50 g/t Au. This resource is supported by the NI 43-101 technical report titled "Updated Resource Report on the Taurus Deposit – Liard Mining District, B.C." prepared by Thomas C. Stubens and Morinus Andre de Ruijter of Wardrop Engineering Inc. which was filed at www.sedar.com on March 11, 2009.

After a review of the Taurus database in early 2012, the Company developed a three dimensional model of the major planar fault and shear structures and identified several target areas. The Taurus deposit is open in many directions around the periphery of the deposit but also internal to the known deposit footprint. Additionally, several targets were identified to have potential for higher-grade mineralization.

Between June and August 2012, the Company completed 43 drill holes for 6,857 m of drilling at Taurus utilizing a single, skid-mounted drill. These holes targeted open areas of the Taurus deposit and potential higher-grade zones. Concurrent with the drilling, geological crews re-logged 69 historic drill holes within and proximal to drill targets to better refine structural models.

Drill results announced in the Company's news releases dated September 18, October 2 and October 24, 2012 from Taurus include several holes designed to test open areas of the Taurus Deposit which intersected ankerite altered basalt with veins, associated sulphide mineralization and gold mineralization. Some of the highlighted results include:

- Holes TA12-16 and TA-19 intersected, respectively, 8.80 m at 5.05 g/t Au and 19.00 m at 2.13 g/t Au outside previous eastern boundary of Taurus deposit

- A high grade vein grading 8.77 g/t Au over 1.80 m in hole TA12-24 demonstrates that gold mineralization at the Sable Zone extends to the south-east
- Wide gold intersections of 23.00 m grading 3.83 g/t Au and 10.45 m grading 4.42 g/t Au in holes TA12-38 and TA12-40, respectively, show new opportunity in the 88 Hill / Highway Gap

## OUTLOOK

The Company has no current funding for exploration of its mineral projects. Management is monitoring the economic conditions of the mining industry and continues discussions with investors in relation to the economic viability of extracting gold residues from the tailings pond of its formerly producing mine at Table Mountain property.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes the Company's financial information for the fiscal years ended November 30, 2015, 2014 and 2013.

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Total revenue | $ - | $ - | $ - |
| Net loss | (13,131,336) | (728,480) | (1,319,086) |
| Net loss per share - basic and diluted | (0.07) | (0.00) | (0.01) |
| Total assets | 8,211,363 | 20,902,790 | 21,740,830 |
| Total long-term financial liabilities | - | - | - |
| Cash dividends declared per share | (0.00) | - | (0.00) |

## QUARTERLY INFORMATION (UNAUDITED)

The table below highlights the Company's unaudited quarterly results for the last eight quarters.

| | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Nov 30 | Aug 31 | May 31 | Feb 28 | Nov 30 | Aug 31 | May 31 | Feb 28 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Revenue | - | - | - | - | - | - | - | - |
| Net loss | (12,846,113) | (44,579) | (70,766) | (169,878) | (253,310) | (144,064) | (176,086) | (155,020) |
| Net loss per share - basic and diluted | (0.07) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |

The Company has not yet generated revenue as it is at the exploration stage. The Company's expenditures had been reduced year-over-year, from an average of $182,000 per quarter in 2014 to $162,000 in 2015, excluding $12.5 million impairment charges to exploration and evaluation assets and plant and equipment in the fourth quarter of 2015.

## REVIEW OF FINANCIAL RESULTS

(Rounded to the nearest thousand ('000))

### Net Loss

For the year ended November 30, 2015, the Company incurred net losses of $13,131,000 as compared to $728,000 in 2014. The increase in 2015 net loss was due to the write-offs of $287,000 in plant and equipment and $12,187,000 in exploration and evaluation assets. Excluding the write-offs, the net loss of 2015 was $648,000, a decrease of $80,000 comparing to 2014 net loss.

### Expenses

Administration Expenses for the year ended November 30, 2015 were $729,000 as compared to $935,000 in 2014. The decrease was results of the closure of the Company's subsidiary in China and reduced compensation of management and directors. Professional and consulting fees, however, were increased by $47,000 in legal expenses relating to the transfer by the Ministry of Aboriginal Relations and Reconciliation of two Crown land parcels to Kaska Dena First Nation in April 2015. For details, please see Note 6 to the Company's audited consolidated financial statements.

Expenditures of $116,000 were incurred in 2015 in the care and maintenance of the Cassiar camp in areas of site security and safety, environmental management and septic remediation. In addition, the Company made a contribution of $70,000 (paid in 2014) to Jade City, the local community, relating to the BC Hydro electrification project which was completed in

October 2015.

**Other Income (Expenses)**

For the year ended November 30, 2015, other income included $48,000 (2014 - $40,000) of rental income from the leasing of certain camp facilities and $18,000 (2014 - $31,000) from the provision of administrative services to a mineral exploration operation.

During the year ended November 30, 2015, the Company performed impairment assessments on its property, plant and equipment and mineral assets as there were indicators that their carrying amounts might not be recoverable. As a result, the Company wrote down $12,187,000 in mineral assets and $287,000 in property, plant and equipment.

**Exploration and Evaluation Assets Expenditures**

The Company capitalizes expenditures incurred in connection with the acquisition and exploration of its mineral property interests. In April 2015, the Company received a mineral exploration tax credit ("METC") of $60,000 which had been recorded as a reduction to the exploration and evaluation assets. At November 30, 2015, after the Company's impairment assessment and resulting mineral property write down, the carrying value of its mineral assets was $7 million (2014 - $18,834,000). In 2015, the Company incurred minimal expenditure on the mineral properties whereas in 2014, excluding non-cash expenditures, it expended $35,000, mainly in consulting and professional fees and property maintenance. See Note 6 to the audited consolidated financial statements as at November 30, 2015 for further details.

## LIQUIDITY AND CAPITAL RESOURCES

At November 30, 2015, the Company's cash and cash equivalents were $276,000 compared to $662,000 at November 30, 2014; and its short-term investments were $11,500 for both fiscal years of 2015 and 2014. The Company's working capital at November 30, 2015 was $145,000 (2014 - $707,000).

To preserve its cash reserves, the Company continues reducing its operating expenses. Based on the 2016 operational budget approved by the Board of Directors, the Company will not have sufficient financial resources to meet its obligations for the next year. The Company's ability to continue as a going concern will depend on its ability to raise additional financing.

For the exploration and evaluation assets, the Company has no planned funds for the coming year's exploration activities. Discussions with an investor in exploring the economic viability of extracting gold residue in the tailings pond at the Table Mountain mine where historical production occurred are still in progress.

The Company's exploration and evaluation assets are at the exploration stage and will not generate cash flow in the near term; accordingly, the Company will depend on equity or debt financings to continue its exploration activities and general administrative requirements. There is no assurance that the Company could raise such financings on reasonable economic terms.

Under operating activities, the Company used $443,000 of its cash for the year ended November 30, 2015 compared with $822,000 for the same period in 2014. The decrease of $379,000 in 2015 was due to the overall decreased level of activity by the Company.

In the investing activities, the Company incurred $19,000 related to costs accrued in 2014, on the exploration and evaluation asset in 2015 (2014 - $16,000).

The Company has no long-term debt obligations or off-balance sheet arrangements. However, the Company has a commitment to an office rental in Vancouver, which is disclosed below under "Commitment and Contingencies".

## COMMITMENT AND CONTINGENCIES

The Company has a commitment of $8,325 to an office lease in Vancouver expiring on August 31, 2016.

On September 2, 2015, the Company received notice from the British Columbia Environment Health Services ("Health Services") that the Health Services had received a complaint from a BC Hydro manager in respect of the camp facilities at the Cassiar Project, which facilities were being leased to the Jade City BC Hydro Work Camp (the "Facilities") through a third party (the "Lessee"). The complaint held that a break had occurred in the sewer line at the Facilities, and as a result, there was evidence of a discharge of domestic sewage to both land and nearby drinking water. Consequently, the sewerage and water systems on the property have been discontinued, the existing sewerage system is to be repaired or replaced prior to reuse or before June 30, 2016, and a new water system be constructed prior to reuse or before June 30, 2016. The cost of remediation is estimated at $63,000.

In July 2013, the Ministry of Aboriginal Relations and Reconciliation (the "Ministry") advised the Company that they had signed an Incremental Treaty Agreement (the "ITA") with Kaska Dena Council which provides transfer of two Crown land parcels that cover part of the Company's subsurface rights over five of its mineral tenures to Kaska Dena First Nations ("KDFN"). The ITA specifically excludes the subsurface rights and the transfer will provide ownership of the surface rights only.

During 2014, the Company contacted the Ministry expressing concerns over the transfer being processed without prior consultation with the Company and possible impact on Cassiar's exploration activities once the proposed transfer occurs. In January 2015, the Company and its legal counsel held a meeting with the Ministry over the issue. The Ministry maintained its position on the proposed transfer. On March 31, 2015, the land parcels for surface rights only were transferred to KDFN. In November 2015, the Company sent a letter to the Ministry advising them its intention to commence judicial review proceedings whereby the court reviews the actions of government officials for any breach of their procedural duties. In addition, the Company is considering a claim under the Canada-China Foreign Investment Protection Agreement, pursuant to which each government has promised to abide certain standards of conduct to protect foreign investors' investments.

## SUBSEQUENT EVENT

Subsequent to the year ended November 30, 2015, the Company filed in the BC Supreme Court a petition seeking to quash the March 31, 2015 transfer by the Ministry of Aboriginal Relations and Reconciliation of two Crown land parcels to Kaska Dena First Nation. The Company's subsurface rights of its five mineral tenures have been adversely affected by the transfer.

## OUTSTANDING SHARE DATA

As at February 22, 2016, the date of this MD&A, the Company's issued and outstanding common shares were 189,873,268; its share purchase options granted to directors, employees and consultants were 3,180,000 with a weighted average exercise price at $0.13 per share. For additional details on share capital, see Note 8 of the audited consolidated financial statements for the year ended November 30, 2015.

## PROPOSED TRANSACTIONS

The Company does not have any proposed transactions as at the date of this report.

## CHANGES TO THE BOARD OF DIRECTORS

In May 2015, China Minerals appointed Ms. Jeannine Webb as a Director of the Company. Ms. Webb replaced Mr. Harvey Brooks in June 2015 as the Chairman of the Audit Committee after Mr. Brooks did not seek re-election at the Company's Annual General Meeting held in June 2015.

## RELATED PARTY TRANSACTIONS

For the year ended November 30, 2015, the Company was charged office rents of $12,074 (2014 - $42,493) in regards to its Beijing subsidiary's office lease with Beijing Mansion No. 1 Real Estate Ltd. The office lease with Beijing Mansion was terminated in February 2015. As of November 30, 2015, the Company had no outstanding amounts (2014 - $nil) owed to its related party.

**Key management compensation**

The Company's directors, Chief Executive Officer and Chief Financial Officer are considered key management personnel and their compensations are as follows:

| | Year ended November 30, 2015 | 2014 |
|---|---|---|
| Remuneration and short-term benefits | $ 255,768 | $ 349,050 |
| Share-based payments | - | - |
| Total compensation | $ 255,768 | $ 349,050 |

## FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, other receivables, and accounts payable.

The fair values of the Company's cash and cash equivalent, short-term investments and other receivables approximate their carrying values, which are the amounts receivable on the consolidated statements of financial position date.

Estimated fair value of the Company's property, plant and equipment and exploration and evaluation assets are estimated using level 3 inputs.

### Financial risk management

The Company is exposed to certain financial risks and the material ones are liquidity risk and credit risk. The Company's overall risk management is to maintain its ability to continue as a going concern.

### Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2015, the Company's working capital was $144,498, has an accumulated deficit of $54.9 million with no sources of revenue.

The Company manages liquidity risk with an annual budget to identify the timeline and amounts of its financial requirements. Based on the 2016 operational budget authorized by the Board of Directors, the Company will not have sufficient funds to meet its obligations for the next twelve months. Refer to Note 1 to the audited consolidated financial statements as at November 30, 2015.

### Credit risk

Credit risk arises from cash and cash equivalents and short-term investments held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash and cash equivalents, including guaranteed investment certificates, are held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

## CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of the Company's financial position and operating results. Estimates are based on various assumptions such as expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and judgments relate to the assessment of impairment of long-lived assets and asset retirement obligation as discussed below.

*Impairment of exploration and evaluation ("E&E") assets*

The Company performed an impairment assessment of carrying value of the exploration and evaluation assets. As a result of this impairment assessment, the Company wrote down the carrying value of the mineral assets to an estimated fair value of $7 million. In determining the estimated fair value of the project, the Company primarily considered comparable in-situ valuation and also the amount of exploration expenditures incurred by the Company on the project.

Impairment assessment for the Company's E&E assets involves the application of management's judgments over a number of internal and external factors. External factors include future commodity prices, investors' sentiment and changes in environmental and mineral tenure regulations. Internal factors include technical data interpretation of the mineral resources estimates and the Company's exploration plans for the properties. As new data comes up and the economy and market continually change, the recoverable amounts of the assets and the impairment loss might be different from these judgments and estimates.

*Impairment of property, plant and equipment*

As at November 30, 2015, after conducting impairment evaluations, the Company recorded an impairment charge on its property, plant and equipment in the amount of $286,990, to bring the assets to their estimated fair value. The process of determining the impairment involves significant judgment and estimation on the recoverability of the property, plant and equipment, such as condition of and demand for such assets. Therefore, actual recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

*Asset retirement obligation ("ARO")*

Provision for the retirement of the E&E assets and site restoration is based on many assumptions and judgments: future estimated costs, expected amounts of cash flows to discharge the obligation, timing of such cash flows and the prevalent market discount rate. Any changes to the assumptions will result in an adjustment to the provision which will affect the Company's liabilities and operating results.

## CHANGES TO ACCOUNTING STANDARDS

Effective December 1, 2014, the Company adopted the following standard: IFRIC 21 - Levies This standard was issued on May 20, 2013 and provided guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The adoption of this standard did not have an impact on our consolidated financial statements.

Standards and amendments issued but not yet effective up to the date of authorization of these consolidated financial statements are as below:

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

## RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties associated with the mining and extraction industry. If any of the following risks occur, the Company's going concern, operating results and financial position could be adversely impacted.

*Exploration Risk*

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's Cassiar mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries of mineral reserves, the Company may be forced to look for other exploration projects and abandon the existing properties.

*Titles to Mineral Properties*

The Company exercises due diligence with respect to determining titles to its mineral properties it has interests in and claims in good standing, however, there is no guarantee that titles to such properties will not be challenged or expropriated. In March 2015, the Ministry of Aboriginal Relations and Reconciliation ("the Ministry") advised the Company that it had transferred two Crown land parcels to Kaska Dena First Nations ("KDFN"). The transferred land parcels overlap with the Company's five subsurface mineral tenures. The Company still maintains titles to the mineral claims relating to the land parcels.

*Mineral Resources*

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

*Commodity Prices*

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have historically been volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global production, consumption pattern and speculative activities. These uncertainties and volatility could affect negatively the Company's ability to raise capital and its continual operation.

*Global Economy and Financial Markets*

The Company has no revenue from its operations and relies on the capital markets to raise equity financings for its exploration activities and operating expenses. The current tumbling oil prices, China's decelerated growth and terrorist attacks in Europe have all adversely affected the global economy. The market uncertainty has led to the shrinkage of capital especially in natural resource sectors with uneconomically low commodity prices. This results in extreme challenges for exploration companies to seek funds from the financial markets.

*Share Price Volatility*

The slowdown growth in China has resulted in reduced demand of base and precious metals and drastic drops in the share prices of many resource-based companies. As a junior mineral explorer, the Company's share price has been unavoidably affected by such volatile market conditions, which may not be necessarily related to the financial condition and underlying assets of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares. The Company's depressed share price will cast a doubt on its ability to raise future equity financing.

*Government and Environmental Regulations*

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely affect the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

*Competition*

The Company is in competition with all of its mining counterparts which may have greater financial resources and expertise. It competes with them in the acquisition of quality mineral properties, recruitment of qualified technical and geological employees in addition to the attraction of investors and joint venture partners. All these competitions create uncertainties to the Company's ongoing operations.

*Uninsured Hazards*

The Company may be subject to liabilities on hazards such as unusual geological conditions during exploration and drilling which cannot be insured against or against which the Company may elect not to insure because of the high premium or for other reasons. Such liability may result in the loss of the Company assets and its insolvency.