

**GPM METALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2014**

**Dated: April 28, 2015**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of GPM Metals Inc. ("GPM" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2014. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2014 and 2013, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of April 28, 2015, unless otherwise indicated.

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

Further information about the Company and its operations can be obtained from the offices of the Company or from [www.sedar.com](http://www.sedar.com).

## **Caution Regarding Forward-looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of any mineral discovered	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of applicable minerals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Price volatility of any mineral discovered; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits
<p>While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead for the twelve months, starting from December 31, 2014, depending on future events</p> <p>The Company expects to incur further losses in the development of its business</p>	The operating activities of the Company for the next twelve months and beyond, starting from December 31, 2014, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned for 2015; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration and maintenance on its property interests and its anticipated use of cash	The exploration and maintenance activities of the Company for the year ended December 31, 2015, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in the operations currently planned for 2015; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be	Price volatility of any mineral discovered, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in

**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

proposed laws and regulations	consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of any applicable mineral will be favourable to the Company; no title disputes exist with respect to the Company's properties	interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition
Management's outlook regarding future trends, including the future price of any mineral discovered and availability of future financing	Financing will be available for the Company's exploration and operating activities; the price of applicable minerals will be favourable to the Company	Price volatility of any mineral discovered; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing
Sensitivity analysis of financial instruments	The Company's investment in Prophecy Coal (defined below) will not be subject to change in excess of plus or minus 10%  Foreign exchange rates will not be subject to change in excess of plus or minus 10%	Changes in debt and equity markets; interest rate and exchange rate fluctuations
Prices and price volatility for any mineral discovered	The price of any mineral discovered will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of any mineral discovered will be favourable	Changes in debt and equity markets and the spot price of any mineral discovered, if available; interest rate and exchange rate fluctuations; changes in economic and political conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Description of Business**

The Company is a Canadian based exploration and development company. Its principal mineral assets at the date of this MD&A are as follows:

- The Company, through its wholly owned subsidiary DPG Resources Australia Pty Limited ("DPG Pty"), has entered into an Earn-In/Joint Venture Agreement with Rio Tinto Exploration Pty Limited ("Rio Tinto"), a wholly owned subsidiary of Rio Tinto Limited covering base metal exploration and development rights in relation to certain granted exploration tenements and tenement applications in McArthur Basin Mining District, Northern Territory, Australia (The "Walker Gossan project"). Rio Tinto and GPM have entered into a definitive Two Stage Earn-In/Joint Venture Agreement granting GPM an initial 51% interest under certain conditions;
- 100% interest in the Pasco Gold concession, located in the Province of Pasco, Peru.
- 100% interest in the Peters property and Aremu property, located in Guyana, South America;
- 100% interest in the Coppermine River project, located in Nunavut, Canada; and
- 100% interest in the Rory Claim Group, located in the Yukon Territory, Canada.

The Company is a reporting issuer in British Columbia, Alberta, and Ontario and trades on the TSX Venture Exchange (the "TSXV") under the symbol "GPM".

The Company's goal is to deliver superior returns to shareholders by concentrating on the acquisition and exploration of highly prospective properties. GPM maintains an interest in acquiring additional key mineral exploration and development properties worldwide.

### **Overall Performance**

On June 13, 2014, GPM announced that it has entered into a non-binding letter agreement (the "Letter Agreement") dated June 13, 2014 for the sale of its properties in Guyana, together with the interest of GPM in all property, assets and rights ancillary to the properties, to Bartica Investments Ltd. (the "Purchaser") for an aggregate cash payment to the Company of \$650,000 (the "Sale Transaction"). The cash consideration shall be paid to GPM as follows:

- (a) \$350,000 to be paid on the closing date of the Sale Transaction; and
- (b) \$300,000 to be paid on or prior to the first anniversary of the closing date of the Sale Transaction.

The Sale Transaction constitutes a "related party transaction" because the Purchaser is a company in which Patrick Sheridan, an officer, director and significant shareholder of the company, holds an interest.

On July 17, 2014, the shareholders of the Company approved the Sale Transaction at the Company's annual general meeting. On January 7, 2015, GPM entered into a definitive agreement with the Purchaser. The Company has completed the sale of the Peters and Aremu properties. See "Subsequent Events" below.

On September 15, the Company, through its wholly owned subsidiary Chaska, entered into a definite agreement to purchase 100% interest in the exploration concession known as Pasco Gold 1, which consists of 1000 hectares of land, located in the district of Huachon, Province of Pasco, in the Republic of Peru (the "Purchase").

The total consideration shall be paid to the seller as follows:

- (a) Payment of USD \$13,000 (paid); and
- (b) Issuance of 50,000 common shares of GPM (to be issued).

The Company is reviewing the data of the Walker Gossan project at the date of this MD&A. At the completion of this review, management will determine what the next course of action will be to advance the project.

As at December 31, 2014, the Company had assets of \$2,446,314 and a net equity position of \$1,461,071. This compares with assets of \$5,034,366 and a net equity position of \$4,206,326 at December 31, 2013. At December 31, 2014, the Company had \$985,243 of liabilities and no long-term debt (December 31, 2013 – \$828,040 of liabilities and no long-term debt). During the year ended December 31, 2014, the Company expensed \$1,939,281, on exploration and evaluation expenditures (year ended December 31, 2013 - \$304,715). Exploration and evaluation expenditures increased by \$1,634,566, mainly due to the stage one payment of \$1,000,000 Australian dollars for the Walker Gossan project.

At December 31, 2014, the Company had working capital of \$1,443,669, compared to \$3,927,458 at December 31, 2013, a decrease of \$2,483,789, or approximately 63%. The Company had cash and short-term investments of \$2,324,287 at December 31, 2014 compared to \$4,698,065 at December 31, 2013, a decrease of \$2,373,778, or approximately 51%. The decrease in working capital and cash and short-term investments can be attributed to access fees related to the Walker Gossan project as well as operating costs, primarily reflecting support costs for the Company's operations in Guyana, Australia and Peru.

## **Trends**

The Company is a mineral exploration and development entity, focused on the selection, acquisition, and exploration of mineral properties. GPM maintains an interest in acquiring additional key mineral exploration and development properties worldwide. The Company's financial success will be dependent upon the extent to which it can make discoveries and on the economic viability of any such discoveries. The development of such assets may take years to complete and the resulting income, if any, is difficult to determine with any certainty. To date, the Company has not produced any revenues. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the commodities produced.

There are significant uncertainties regarding the prices of minerals and the availability of equity financing for the purposes of exploration and development. The future performance of the Company is largely tied to the development of its property interests and other prospective business opportunities as well as the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Uncertainty in the financial markets has also led to increased difficulties in borrowing and raising funds. Companies worldwide have been affected particularly negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the

Company to develop and/or further explore its current mineral exploration properties and any other property interests that may be acquired in the future. See "Risk Factors" below.

In addition to the risks outlined in this MD&A, GPM has identified the volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like GPM are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for GPM to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

### **Mineral Exploration Properties**

The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain an economic mineral reserve. There are no known deposits of minerals on any of the Company's mineral exploration properties and any activities of the Company thereon will constitute exploratory searches for minerals. See "Risk Factors" below.

#### **(a) Walker Gossan Project, McArthur Basin Mining District, Northern Territory, Australia**

##### Ownership Interest Description

##### **Earn-in/joint venture agreement**

The Company, through its wholly owned subsidiary DPG Pty have entered into, an Earn-In/Joint Venture Agreement with Rio Tinto covering base metal exploration and development rights, in relation to the Walker Gossan project.

Rio Tinto and GPM have entered into a definitive Two Stage Earn-In/Joint Venture Agreement granting GPM an initial 51% interest under certain conditions that include:

##### Stage One

1. Payment of Australian Dollar ("AUD") \$1,000,000 on signing (paid);
2. Minimum expenditure of AUD \$2,000,000 within 3 years of effective date;
3. Combined expenditures of AUD \$20,000,000 over a 10 year period; and
4. Milestone payments within the combined expenditures as follows:
  - (i) A \$100,000 upon the grant of licences to all of the properties;
  - (ii) A \$1,000,000 upon the completion of the first drill hole on the Walker Gossan; and
  - (iii) A \$4,000,000 upon the completion of a resource study that shows an indicated status for minimum 20 million tons of greater than 8% combined lead and zinc, or lead, zinc and silver, within the licenced area or a Decision to Mine being made.

##### Stage Two

GPM may increase its interest to 75% by completing a Feasibility Study within 3 years of completing Stage One. Rio Tinto may elect to contribute pursuant to its participating share or not contribute and be diluted or convert its interest into a Net Smelter Return (2.5%) royalty. There are rights of first refusal on purchase and sale of interest for both parties at fair market value. GPM will be responsible for all negotiations with the Northern Land Council for consent to issue the exploration licence applications and work programs to be conducted by GPM under its sole rights or as operator.

**Recommendations**

On October 1, 2014, GPM announced the filing of the initial technical report for the Company's Walker Gossan Project entitled "Technical Report on the Walker Gossan Project in Arnhem Land, Northern Territory, Australia" dated effective September 16, 2014 (the "Technical Report").

The Technical Report was prepared by Mr. David G. Jones (BSc., MSc., FAusIMM, FAIG); a "Qualified Person" as defined in National Instrument 43-101.

A copy of the Technical Report is available under the Company's profile on [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.gpmmetals.ca](http://www.gpmmetals.ca).

The Technical Report suggests an initial exploration budget of AUD \$3.1 million as outlined below:

Activity	AUD \$		
	Phase 1	Phase 2	Total
Airborne magnetics, radiometrics & EM	200,000	nil	200,000
Detailed geophysics	nil	150,000	150,000
Rock chip geochemistry	10,000	nil	10,000
Gridded soil geochemistry	10,000	nil	10,000
Petrology	5,000	15,000	20,000
Geological mapping	15,000	nil	15,000
Data processing & compilation	50,000	100,000	150,000
Diamond drilling (1500m total)	nil	300,000	300,000
RC drilling (5000m)	nil	500,000	500,000
Transport, meals, equipment, accommodation	100,000	250,000	350,000
Personnel	140,000	300,000	440,000
Administration	50,000	100,000	150,000
Access meetings & Deed costs	50,000	40,000	90,000
Heritage surveys	50,000	20,000	70,000
<b>Totals:</b>	<b>680,000</b>	<b>1,775,000</b>	<b>2,455,000</b>

**ELA 24305 Title held in the name of Rio Tinto**

	Date	Period Years	Area Sq km
Application Date	19 January 1972	6	218.70
Consent Date	08 June 1981	6	218.70
Veto Start Date	13 November 2008	5	218.70



**Summary of budget for ELA 24305 when granted**

Activity	AUD \$		
	Phase 1	Phase 2	Total
Satellite imagery	4,000	nil	4,000
Data processing & compilation	50,000	5,000	55,000
Access meetings & Deed costs	30,000	20,000	50,000
Helicopter hire	20,000	10,000	30,000
Gridded soil geochemistry	4,500	5,000	9,500
Rock chip sampling	2,500	5,000	7,500
Geological mapping	10,000	nil	10,000
Transport, meals, equipment, accommodation	80,000	25,000	105,000
Personnel	80,000	25,000	105,000
Administration	20,000	10,000	30,000
<b>Totals:</b>	<b>301,000</b>	<b>105,000</b>	<b>406,000</b>

**EL 385 Title held in the name of Rio Tinto**

	Date	Period Years	Area Sq km
Application Date	19 January 1972	6	36.46
Area Variation	20 May 2004		63.46
Grant Date	09 June 2004	6	63.46
Reduction Application	09 June 2006	3	31.06
Reduction Application	09 June 2007	4	21.64
Reduction Application	09 June 2008	5	7.75
Renewal Application	02 June 2010	2	7.75
Renewal Grant	26 May 2011		7.75
Renewal Application	16 March 2012	2	7.75
Renewal Grant	22 October 2012		7.75
Renewal Application	31 March 2014		7.75

**Summary of budget for EL 385**

Activity	AUD \$
Data processing & compilation	20,000
Access meetings & Deed costs	20,000
Helicopter hire	10,000
Stream, soil & rock chip geochemistry	10,000
Transport, meals, equipment, accommodation	25,000
Personnel	25,000
Administration	10,000
<b>Totals:</b>	<b>120,000</b>

A total budget of AUD \$3,081,000 is proposed to be expended by GPM in two phases, subject to granting of EL 24305 over the Walker Gossan area. Of this total some 80% would be dedicated to the Walker Gossan area, which is sensible given its dominant importance in the tenement package. Only 3.5% is

**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

allocated to EL 23565, which again is justified given the low prospectivity of this tenement. Note that the majority of the project area at present consists of tenement applications, which until granted, have no expenditure obligations. Also, the second stage program may be modified depending on the results from the first phase.

AUD \$800,000 is budgeted for drilling, representing some 25% of the total budget, a reasonable proportion given the ancillary costs usually associated with exploration on aboriginal land.

The budget of AUD \$3,081,000 or select portions of the budget may be implemented subject to the availability of funds and the Board of Directors granting approval to implement such budget.

Fiscal 2014 Exploration Program and Results

During the year ended December 31, 2014, the Company paid access fees of AUD \$1,000,000, respectively.

**(b) Coppermine River Project, Kugluktuk, Nunavut**

Ownership Interest Description

The Company has a 100% interest in mining lease number 2797 located in the Coronation Gulf area, west of the Coppermine River (the "Coppermine River Property"), approximately 60-75 km southwest of Kugluktuk, Nunavut, Canada. The Company intends to retain its ownership rights in the project by making any required payments to retain the property on a care and maintenance basis. For the year ended December 31, 2014, the Company accrued royalty fees on the project of \$100,000, respectively (year ended December 31, 2013 - \$100,000).

Fiscal 2014 Exploration Program and Results

Exploration Program (expected completion)	Activities Completed (year ended December 31, 2014)	Plans for the project	(A) Estimated Cost to Complete for 2015 ("000")	(B) Spent in 2014 ("000")
None at this time <sup>(1)</sup>	None other than care and maintenance	Care and maintenance until a financing can be completed, and/or a favourable strategic partnership or monetization is arranged	\$15	\$15
<b>Subtotals</b>			<b>\$15</b>	<b>\$15</b>
<b>Total (A+B) <sup>(1)</sup></b>				<b>\$30</b>

<sup>(1)</sup> For the time being, the Company has deferred all exploration activities on the Coppermine River Project.

**c) Rory Claim Group, Yukon Territory**

Ownership Interest Description

The Company has a 100% interest in 265 staked claims located in the Yukon Territory, Canada (the "Rory Claim Group"). The Rory Claim Group is adjacent to the Wellgreen project in the Yukon Territory, Canada. The Rory Claim Group claims are in good standing until October 2015.

Fiscal 2014 Exploration Program and Results

Exploration Program (expected completion)	Activities Completed (year ended December 31, 2014)	Plans for the project	(A) Estimated Cost to Complete for 2015 ("000")	(B) Spent in 2014 ("000")
None at this time <sup>(1)</sup>	None other than care and maintenance	Care and maintenance until a financing can be completed, and/or a favourable strategic partnership or monetization is arranged	\$nil	\$nil
<b>Subtotals</b>			<b>\$nil</b>	<b>\$nil</b>
<b>Total (A+B) <sup>(1)</sup></b>				<b>\$nil</b>

<sup>(1)</sup> For the time being, the Company has deferred all exploration activities on the Rory Claim Group.

**(d) Guyana, South America**

Ownership Interest Description

On July 7, 2011, the Company completed the acquisition of Guyana Goldfields Inc.'s ("Guyana Goldfields") 100% interest in the Peters property (the "Peters Mine Property") and Aremu property located in Guyana, South America, for US\$2,400,000 paid in cash upon closing. In conjunction, the Company acquired a related bond for US\$15,000 paid in cash.

The Peters Mine Property is located approximately 80km west-southwest of Bartica, a town in north-central Guyana in which the Essequibo, Mazaruni, and Cuyuni rivers meet, and approximately 140km southwest of Georgetown, the capital and largest city of Guyana, located in the Demerara-Mahaica region. The Aremu property comprises ten mining permits located about 60km west of Bartica and south of the Aremu River.

The Company has completed the sale of the Peters and Aremu properties. See "Subsequent Events" below.

Fiscal 2014 Exploration Program

For the year ended December 31, 2014, the Company has incurred \$226,781 (year ended December 31, 2013 - \$200,571) of exploration costs on its exploration program in Guyana, South America.

All exploration activities, including the Peters Mine Property, have been curtailed due to adverse market conditions. The Company is attempting to sell its Guyana interests to the Purchaser, where Patrick Sheridan, an officer, director and significant shareholder of the company, holds an interest.

On July 17, 2014, the shareholders of the Company approved the Sales Transaction at the Company's annual general meeting and on January 7, 2015, GPM entered into a definitive agreement with the Purchaser. The Company has completed the sale of the Peters and Aremu properties. See "Subsequent Events" below.

The sale of the properties is consistent with the Company's current focus of acquiring and exploring silver/lead/zinc properties.

Guyana Goldfields has agreed to provide established logistical and geological support to GPM. Guyana Goldfields and the Company have signed an "Area of Influence" agreement that restricts GPM from participating in property acquisition and development within a defined area of Guyana Goldfield's exploration and development activities in Guyana. In addition, Guyana Goldfields will have a "Right of First Opportunity" to acquire advanced stage properties in Guyana in which there is a defined resource.

**(e) Pasco Gold, Peru**

Ownership Interest Description

On September 15, the Company, through its wholly owned subsidiary Chaska, entered into a definite agreement to purchase 100% interest in the exploration concession known as Pasco Gold 1, which consists of 1000 hectares of land, located in the district of Huachon, Province of Pasco, in the Republic of Peru (the "Purchase").

Fiscal 2014 Exploration Program

For the year ended December 31, 2014, the Company has incurred \$20,866 acquisition costs and \$40,425 in general and exploration costs (year ended December 31, 2013 - \$nil).

Exploration Program (expected completion)	Activities Completed (year ended December 31, 2014)	Plans for the project	(A) Estimated Cost to Complete for 2015 ("000")	(B) Spent in 2014 ("000")
Preliminary sampling and general exploration activity	None other than the acquisition of the property	Grassroots exploration and staking costs	\$50	\$40
<b>Subtotals</b>			<b>\$50</b>	<b>\$40</b>
<b>Total (A+B) <sup>(1)</sup></b>				<b>\$90</b>

### Environmental Liabilities

The Company is not aware of any environmental liabilities or obligations associated with its mining interests. The Company is conducting its operations in a manner that is consistent with governing environmental legislation in all material respects.

### Overall Objective

The Company is a junior mineral exploration company with an experienced management team engaged in the acquisition, exploration and development of properties for the mining of minerals. GPM is in the process of exploring its mineral properties and has not yet determined whether these properties contain any economically recoverable mineral reserves. The success of the Company is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of its properties, the selling prices of minerals at the time, if ever, that the Company commences production from its properties, government policies and regulations and future profitable production or proceeds from the disposition of such properties.

GPM has not discovered economically recoverable mineral reserves. While discovery of ore-bearing structures may result in substantial rewards, it should be noted that few properties that are explored are ultimately developed into producing mines.

The Company may also seek to acquire additional mineral resource properties or companies holding such properties. The Company notes that mineral exploration in general is uncertain and the probability of finding economically recoverable mineral reserves on any one of its early stage prospects is low. As a result, the Company believes it is able to reduce overall exploration risk by acquiring additional mineral properties. In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history of the properties, their location, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish economically recoverable mineral reserves, the fact that expenditures made by the Company may not result in discoveries of economically recoverable mineral reserves, environmental risks, risks associated with land title, the competition faced by the Company and the potential failure of the Company to generate adequate funding for any such acquisitions. See "Risk Factors" below.

### **Off-Balance-Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Proposed Transactions**

The Company continues to evaluate properties and corporate entities that it may acquire in the future. Any such acquisitions will have the effect of reducing the Company's working capital and possibly increasing the number of common shares outstanding. In addition, GPM entered into a Letter Agreement dated June 13, 2014 for the sale of its property interests in Guyana for an aggregate cash payment to the Company of \$650,000. On July 17, 2014, the shareholders of the Company approved the Sale Transaction at the Company's annual general meeting. On January 7, 2015, the Company entered into a definitive agreement with the Purchaser. The Company has completed the sale of the Peters and Aremu properties. See "Subsequent Events" below.

### **Disclosure of Internal Controls**

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

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

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

## **Management of Capital**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, capital surplus, warrant reserve and deficit, which at December 31, 2014, totaled \$1,461,071 (December 31, 2013 - \$4,206,326). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2014.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2014, the Company believes it is compliant with Policy 2.5.

## **Outlook**

The Company routinely evaluates various business development opportunities which could entail acquisitions and/or divestitures.

The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to obtain additional funds as and when required.

### Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2014, 2013 and 2012 and for the years ended December 31, 2014, 2013 and 2012.

Description	Year Ended December 31, 2014 (\$)	Year Ended December 31, 2013 (\$)	Year Ended December 31, 2012 (\$)
Total revenues	nil	nil	nil
Total loss	(2,910,955)	(1,232,991)	(2,002,738)
Net loss per common share - basic	(0.03)	(0.01)	(0.02)
Net loss per common share – diluted	(0.03)	(0.01)	(0.02)

Description	As at December 31, 2014 (\$)	As at December 31, 2013 (\$)	As at December 31, 2012 (\$)
Total assets	2,446,314	5,034,366	5,181,468
Total non-current financial liabilities	nil	nil	nil
Distribution or cash dividends	nil	nil	nil

- The net loss for the year ended December 31, 2014, consisted primarily of interest income of \$20,442 and unrealized foreign exchange gain of \$76,534. This was offset by: (i) general and administrative of \$790,736; (ii) exploration and evaluation expenditures of \$1,939,281; (iii) impairment of property and equipment of \$184,107; (iv) amortization of \$78,807; and (v) unrealized loss on short-term investments of \$15,000.
- The net loss for the year ended December 31, 2013, consisted primarily of interest income of \$21,724 and unrealized foreign exchange gain of \$113,088. This was offset by: (i) general and administrative of \$933,032; (ii) exploration and evaluation expenditures of \$304,715; (iii) amortization of 112,556; and (iv) unrealized loss on short-term investments of \$17,500.
- The net loss for the year ended December 31, 2012, consisted primarily of interest income of \$23,126. This was offset by: (i) general and administrative of \$1,084,539; (ii) exploration and evaluation expenditures of \$574,826; (iii) amortization of 159,990; and (iv) unrealized loss on short-term investments of \$147,790.
- As the Company has no revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity or assets. See "Risk Factors" below.



### Summary of Quarterly Information

Three Months Ended	Total Assets \$	Total Revenue \$	Profit or Loss	
			Total \$	Per Share <sup>(9)(10)</sup> \$
December 31, 2014	2,446,314	-	(615,091) <sup>(1)</sup>	(0.00)
September 30, 2014	2,983,803	-	(613,700) <sup>(2)</sup>	(0.01)
June 30, 2014	3,384,577	-	(416,736) <sup>(3)</sup>	(0.00)
March 31, 2014	3,762,271	-	(1,265,428) <sup>(4)</sup>	(0.01)
December 31, 2013	5,034,366	-	(360,713) <sup>(5)</sup>	(0.00)
September 30, 2013	5,276,414	-	(367,246) <sup>(6)</sup>	(0.00)
June 30, 2013	4,803,676	-	(238,346) <sup>(7)</sup>	(0.00)
March 31, 2013	5,017,450	-	(266,686) <sup>(8)</sup>	(0.00)

Notes:

- (1) Net loss of \$615,091 includes professional fees of \$27,768, consulting fees of \$36,131, salaries and benefits of \$28,242, administrative and general of \$52,876, accounting fees of \$12,756, amortization of \$19,702, reporting issuer costs of \$3,948, insurance of \$6,627, an unrealized loss on short-term investments of \$2,500, impairment of property and equipment of \$184,107 and exploration and evaluation expenditures of \$227,173, which includes royalties of \$25,000. These amounts are offset by interest and other income of \$4,321. All other items were for working capital purposes.
- (2) Net loss of \$613,700 includes professional fees of \$74,315, consulting fees of \$54,994, salaries and benefits of \$36,758, administrative and general of \$31,946, accounting fees of \$21,014, amortization of \$19,701, reporting issuer costs of \$9,200, insurance of \$6,627 and exploration and evaluation expenditures of \$383,462, which includes royalties of \$25,000. These amounts are offset by interest and other income of \$5,166 and an unrealized gain on short-term investments of \$2,500. All other items were for working capital purposes.
- (3) Net loss of \$416,736 includes salaries and benefits of \$43,987, professional fees of \$29,367, administrative and general of \$26,833, amortization of \$19,702, accounting fees of \$18,750, reporting issuer costs of \$15,616, insurance of \$6,642, unrealized loss on short-term investments of \$7,500 and exploration and evaluation expenditures of \$236,261, which includes royalties of \$25,000. These amounts are offset by interest and other income of \$4,813. All other items were for working capital purposes.
- (4) Net loss of \$1,265,428 includes consulting fees of \$98,296, salaries and benefits of \$63,399, administrative and general of \$39,400, amortization of \$19,702, reporting issuer costs of \$15,200, insurance of \$6,726, accounting fees of \$22,405, unrealized loss on short-term investments of \$7,500 and exploration and evaluation expenditures of \$1,092,385, which includes access fees of \$989,600 and royalties of \$25,000. These amounts are offset by a foreign exchange gain of \$94,028, interest and other income of \$6,142. All other items were for working capital purposes.
- (5) Net loss of \$360,713 includes consulting fees of \$37,483, salaries and benefits of \$21,205, administrative and general of \$82,635, professional fees of \$103,828, amortization of \$28,139, reporting issuer costs of \$4,080, insurance of \$6,675, accounting fees of \$48,000, exploration and evaluation expenditures of \$69,120 (includes royalties of \$25,000). These amounts are offset by a

foreign exchange gain of \$32,355, interest and other income of \$5,597 and an unrealized gain on short-term investments of \$2,500. All other items were for working capital purposes.

- (6) Net loss of \$367,246 includes consulting fees of \$96,944, salaries and benefits of \$26,588, administrative and general of \$41,412, professional fees of \$16,550, amortization of \$28,140, reporting issuer costs of \$17,642, insurance of \$6,799, accounting fees of \$5,000, exploration and evaluation expenditures of \$60,362 (includes royalties of \$25,000), a foreign exchange loss of \$45,209 and an unrealized loss on short-term investments of \$27,500. These amounts are offset by interest and other income of \$4,900. All other items were for working capital purposes.
- (7) Net loss of \$238,346 includes consulting fees of \$63,243, salaries and benefits of \$27,195, administrative and general of \$37,908, professional fees of \$37,644, amortization of \$28,138, reporting issuer costs of \$20,242, insurance of \$6,811, accounting fees of \$4,389, exploration and evaluation expenditures of \$92,251 (includes royalties of \$25,000) and an unrealized loss on short-term investments of \$5,000. These amounts are offset by foreign exchange gain of \$79,013 and interest and other income of \$5,462. All other items were for working capital purposes.
- (8) Net loss of \$266,686 includes consulting fees of \$93,475, salaries and benefits of \$47,188, administrative and general of \$36,779, reporting issuer costs of \$17,800, professional fees of \$10,218, accounting fees of \$8,465, insurance of \$6,834, exploration and evaluation expenditures of \$82,982 (includes royalties of \$25,000) and amortization of \$28,139. These amounts are offset by foreign exchange gain of \$46,929, an unrealized gain on short-term investments of \$12,500 and interest and other income of \$5,765. All other items were for working capital purposes.
- (9) Basic and diluted.
- (10) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

## **Discussion of Operations**

### Year ended December 31, 2014, compared with year ended December 31, 2013

The net loss of GPM totaled \$2,910,955 for the year ended December 31, 2014, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$1,232,991 with basic and diluted loss per share of \$0.01 for the year ended December 31, 2013. The increase in net loss of \$1,677,964 was principally because:

- Exploration and evaluation expenses for the year ended December 31, 2014, were \$1,939,281 (year ended December 31, 2013 – \$304,715). These expenses relate to access fees for the Walker Gossan project and accrued advance royalty payments for the Coppermine River Property and expediting costs for the Peters Mine Property and Aremu property as well as acquisition and general exploration costs on the Pasco Gold property. The increase of \$1,634,566 is due to the payment of access fees of \$1,000,000 AUD (\$998,500) on signing the Joint Venture agreement with Rio Tinto. See subheading “Walker Gossan Project, McArthur Basin Mining District, Northern Territory, Australia” under the heading “Mineral Exploration Properties” above.
- The Company impaired the property and equipment located in Guyana to \$nil, given the sale of the Peters and Aremu properties. Management estimated the net realizable value to be \$nil.
- Salaries and benefits increased to \$172,386 for the year ended December 31, 2014 (year ended December 31, 2013 – \$122,176). Of this total, \$60,060 (year ended December 31, 2013 -

\$60,000) was paid or accrued in cash and the remaining \$112,326 (year ended December 31, 2013 - \$62,176) in share based payments.

- Unrealized loss on short-term investments during the year ended December 31, 2014, was \$15,000 (year ended December 31, 2013 – loss of \$17,500).
- Foreign exchange gain during the year ended December 31, 2014, was \$76,534 (three months ended December 31, 2013 – gain of \$113,088).
- All other expenses related to general working capital.

#### Three months ended December 31, 2014, compared with three months ended December 31, 2013

The net loss of GPM totaled \$615,091 for the three months ended December 31, 2014, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$360,713 with basic and diluted loss per share of \$0.00 for the three months ended December 31, 2013. The increase in net loss of \$254,378 was principally because:

- Exploration and evaluation expenses for the three months ended December 31, 2014, were \$227,173 (three months ended December 31, 2013 – \$69,120). These expenses relate to general exploration for the Walker Gossan project and accrued advance royalty payments for the Coppermine River Property and expediting costs for the Peters Mine Property and Aremu property as well as the Pasco Gold property.
- The Company impaired the property and equipment located in Guyana to \$nil, given the sale of the Peters and Aremu properties. Management estimated the net realizable value to be \$nil.
- Salaries and benefits increased to \$28,242 for the three months ended December 31, 2014 (three months ended December 31, 2013 – \$21,205). Of this total, \$15,060 (three months ended December 31, 2013 - \$15,000) was paid or accrued in cash and the remaining \$13,182 (three months ended December 31, 2013 - \$6,205) in share based payments.
- Unrealized loss on short-term investments during the three months ended December 31, 2014, was \$2,500 (three months ended December 31, 2013 – gain of \$2,500).
- Foreign exchange loss during the three months ended December 31, 2014, was \$17,582 (three months ended December 31, 2013 – loss of \$32,355).
- All other expenses related to general working capital.

#### **Liquidity and Capital Resources**

The activities of the Company, principally the acquisition and exploration of properties prospective for minerals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below and "Trends" above.

The Company has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of December 31, 2014, the Company had 110,514,513 common shares issued and outstanding, 18,700,000 warrants outstanding that would raise \$1,870,000

**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

---

and 9,325,000 options outstanding that would raise \$1,881,000 if exercised in full. This is not anticipated in the immediate future. See "Trends" above.

At December 31, 2014, the Company had cash of \$2,299,287 (December 31, 2013 - \$4,658,065). Amounts payable and other liabilities increased to \$985,243 at December 31, 2014, compared to \$828,040 at December 31, 2013. The Company's cash as of December 31, 2014, is sufficient to pay these liabilities.

Cash used in operating activities was \$2,433,864 for the year ended December 31, 2014, compared to \$858,569 for the year ended December 31, 2013. Operating activities for the year ended December 31, 2014, were affected by a net change in non-cash working capital balances of \$110,011 because of an increase in amounts payable and other liabilities of \$157,203, and an increase in accounts receivable and other assets of \$47,192. The Company also recorded impairment of \$184,107, share based payments of \$159,200, amortization of \$78,807, unrealized loss on short-term investments of \$15,000 and an unrealized foreign exchange gain of \$76,534 during the year ended December 31, 2014.

There was no investing activity for the year ended December 31, 2014 or for the year ended December 31, 2013.

There was no financing activity for the year ended December 31, 2014. Cash provided by financing activities for the year ended December 31, 2013, was \$719,666, from the cash acquired in the Acquisition of DPG of \$820,303 less transaction costs of \$100,637.

The Company's liquidity risk from financial instruments is minimal as excess cash is held in current bank accounts.

The Company's investment in Prophecy Coal Corp. ("Prophecy Coal") as of December 31, 2014, was estimated to be \$25,000. The Company could sell its investment in Prophecy Coal to access funds to settle its obligations as they arise. However, management intends to maintain the Company's investment in Prophecy Coal until it becomes advantageous to sell the investment or liquidity concerns necessitate such sale.

The Company's use of cash is currently and is expected to continue to be focused on two principal areas, namely the funding of its general and administrative expenditures and the funding of its investment activities. Investing activities include the cash components of the cost of acquiring and exploring the Company's mineral claims. For the twelve-month period ending December 31, 2015, corporate head office costs are estimated to average less than \$250,000 per quarter. The \$250,000 covers salaries and benefits, consulting fees, administrative and general, reporting issuer costs, accounting fees, professional fees and insurance. In addition, all exploration activities, including the Peters Mine Property, have been suspended due to adverse market conditions and the Coppermine River Property is being maintained on a care and maintenance basis. The Company is attempting to sell its Guyana assets to the Purchaser but TSXV approval has not been received as of the date of this MD&A. The Company is also reviewing the data of the Walker Gossan project at the date of this MD&A. At the completion of this review, management will determine what the next course of action will be to advance the project. It must be noted that the Company does not have sufficient funds to implement the Technical Report exploration budget of AUD \$3.1 million at the present time. A financing will be required to be completed in order to implement the Technical Report exploration budget.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its administrative overhead for the next twelve months, starting from December 31, 2014, depending on future events. However, in order to meet future expenditures, including the Technical Report exploration budget, the Company will need to raise additional financing. Although the Company has been successful

in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Trends" above.

### **Changes in Accounting Policies**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. The following new standards have been adopted:

IAS 32 – Financial instruments: Presentations clarifies some of the requirements for offsetting financial assets and financial liabilities on the consolidated statement of financial position. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

### **Recent accounting pronouncements**

- (i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.
- (ii) IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.
- (iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

### **Financial Instruments**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

**(i) Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and restricted cash. Cash and restricted cash are held with select major Canadian, Guyanese, Australian and Barbadian chartered banks, from which management believes the risk of loss to be minimal.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2014, the Company had cash of \$2,299,287 (December 31, 2013 - \$4,658,065) to settle current liabilities of \$985,243 (December 31, 2013 - \$828,040). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company expects to fund its corporate costs for the next twelve months, starting from December 31, 2014, with its existing cash balance. A financing will be required to be completed to implement the Technical Report budget of AUD \$3.1 million.

**(iii) Market risk**

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

**(a) Foreign currency risk**

The Company's functional and presentation currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of December 31, 2014, the Company funds certain operations, exploration and administrative expenses in Guyana, Peru and Barbados on a cash call basis using US Dollar currency, and in Australia using the Australian Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada, Barbados, and Guyana, Australian Dollar bank accounts in Australia and Guyanese Dollar bank accounts in Guyana. The Company is subject to gains and losses from fluctuations in the US Dollar, the Guyanese Dollar and the Australian Dollar against the Canadian Dollar.

**(b) Equity price risk**

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's investment in the common shares of Prophecy Coal are subject to fair value fluctuations arising from changes in the equity market.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

(i) The Company holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate against the Canadian Dollar would affect the reported loss and comprehensive loss for the year ended December 31, 2014 by approximately \$63,600.

(ii) The Company's investment in the common shares of Prophecy Coal is subject to fair value fluctuations (included in 'short-term investments'). As at December 31, 2014, sensitivity to a plus or minus 10% change in the quoted market price of Prophecy Coal common shares, with all other variables held constant, would affect reported loss and comprehensive loss for the year ended December 31, 2014 by approximately \$2,500.

**Transactions with Related Parties**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

GPM entered into the following transactions with related parties:

	Year ended December 31, 2014	Year ended December 31, 2013
	\$	\$
Bruce Rosenberg <sup>(i)</sup>	41,547	52,509
1140301 Ontario Ltd. <sup>(ii)</sup>	12,000	12,000
Grinslade Services Inc. <sup>(ii)</sup>	3,060	nil
Lewis Downey Tornosky Lassaline & Timpano <sup>(iii)</sup>	9,000	12,000
Alexander Po <sup>(iv)</sup>	28,800	28,800
Harry Burgess <sup>(v)</sup>	12,000	12,000
J. Patrick Sheridan <sup>(vi)</sup>	120,000	120,000
Guyana Goldfields <sup>(vii)</sup>	171,750	173,696
<b>Total</b>	<b>398,157</b>	<b>411,005</b>

(i) Bruce Rosenberg is a director of the Company. Fees related to legal services provided by Mr. Rosenberg and director's fees. Director fees were paid to a company controlled by Mr. Rosenberg. As at December 31, 2014, his company was owed \$6,505 (December 31, 2013 - \$3,000) and these amounts were included in amounts payable and other liabilities.

**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

---

(ii) Director fees paid to companies controlled by directors of the Company. As at December 31, 2014, these companies were owed \$18,789 (December 31, 2013 - \$15,390) and these amounts were included in amounts payable and other liabilities.

(iii) Director fees paid to a firm in which a director of the Company is a partner. As at December 31, 2014, this firm was owed \$nil (December 31, 2013 - \$3,000) and these amounts were included in amounts payable and other liabilities.

(iv) Director and consulting fees paid to a director of the Company.

(v) Director fees paid to a director of the Company. As at December 31, 2014, this director was owed \$3,000 (December 31, 2013 - \$3,000) and these amounts were included in amounts payable and other liabilities.

(vi) Chief Executive Officer ("CEO") fees.

(vii) GGI and GPM have common management and directors. During the year ended December 31, 2014, the Company transferred \$171,750 (year ended December 31, 2013 - \$173,696) to GGI to be held in trust and used for expenditures on the Peter's property. As at December 31, 2014, a balance of \$27,514 (December 31, 2013 - \$18,565) was held in trust by GGI and is included in cash. As at December 31, 2014, amounts payable and other liabilities includes \$20,093 (December 31, 2013 - \$19,721) payable to GGI.

In addition to the above amounts held in trust, the title to the Peter's and Aremu property is held by Guyana Goldfields in trust for use by GPM.

Remuneration of directors and key management personnel of the Company was as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
<b>Salaries and benefits</b>	<b>\$</b>	<b>\$</b>
<b>Total salaries and benefits</b> <sup>(1)</sup>	180,060	180,000

<sup>(1)</sup> Salaries and benefits include director fees. The board of directors and select officers do not have employment or services contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.



**GPM Metals Inc.**  
**Management's Discussion & Analysis**  
**Year Ended December 31, 2014**  
**Discussion dated: April 28, 2015**

Share-based payments	Year ended December 31, 2014 \$	Year ended December 31, 2013 \$
Patrick Sheridan, CEO and director	25,164	nil
Alan Ferry, director	13,116	5,728
Daniel Noone, director	25,164	nil
Alexander Po, director	13,116	5,728
Bruce Rosenberg, director	13,116	5,728
Douglas Lewis, director	13,116	9,362
Harry Burgess, director	8,086	11,366
Paul Murphy, CFO	1,448	24,267
<b>Total</b>	<b>112,326</b>	<b>62,179</b>

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

### **Share Capital**

As at the date of this MD&A, the Company had 110,514,513 issued and outstanding common shares.

Stock options outstanding for the Company as at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
1,000,000	August 22, 2015	\$0.10
1,800,000	October 12, 2015	\$0.17
250,000	November 7, 2016	\$0.28
3,150,000	February 17, 2017	\$0.10
250,000	June 26, 2017	\$0.10
<b>6,450,000</b>		

Warrants outstanding for the Company as at the date of this MD&A were as follows:

<b>Warrants</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
18,700,000	August 21, 2015	\$0.10
<b>18,700,000</b>		

## **Risk Factors**

*An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.*

### **Exploration, Development and Operating Risks**

Mining and exploration operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

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

There is no certainty that the expenditures made by the Company on the search for and evaluation of minerals will result in discoveries of commercial quantities of ore or other minerals.

### **Land Title**

Although the title to the properties in which the Company holds an interest was reviewed by or on behalf of the Company, no formal title opinions were delivered to the Company and, consequently, no assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects.

### ***Competition May Hinder Corporate Growth***

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies for the acquisition of properties producing, or capable of producing, economic minerals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties or skilled resources on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

### ***Additional Capital***

The development and exploration of the Company's properties may require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

### ***Commodity Prices***

The price of the common shares of the Company, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of minerals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of minerals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major mineral-producing countries throughout the world. The price of minerals has fluctuated widely in recent years, and future serious price declines could cause continued development of the Company's properties to be impracticable. Future production from the Company's properties is dependent on mineral prices that are adequate to make these properties economic.

In addition to adversely affecting the Company's reserve and/or resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### ***Exchange Rate Fluctuations***

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Accordingly, a change in the currency in which the Company operates relative to the Canadian dollar would negatively impact the Company.

### ***Government Regulation***

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain

necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities on present and future properties in the manner contemplated, and its ability to continue to explore, develop and operate those properties in which it has an interest or for which it has obtained exploration and development rights to date.

Although the Company believes that its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

#### *Political Risks*

At December 31, 2014, all of the Company's operations were conducted in Guyana, South America, Peru and Australia, and as such, are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political actions cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the country of Guyana, Peru or Australia, after December 31, 2014, may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

#### *Labour and Employment Matters*

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition.

#### *Subsidiaries*

The Company conducts certain of its operations through its subsidiaries, and holds certain of its assets through its subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any

such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

### ***Market Price of Common Shares***

Securities of micro and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in minerals prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not continue to follow the Company; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### ***Future Sales of Common Shares by Existing Shareholders***

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares. The Company has previously completed private placements at prices per share which are from time to time lower than the market price of the common shares. Accordingly, a significant number of shareholders of the Company have an investment profit in the Common Shares that they may seek to liquidate.

### ***Key Executives***

The Company is dependent on the services of key executives, including the CEO of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

### ***Conflicts of Interest***

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

### ***Permitting Matters***

The Company's operations are subject to receiving and maintaining permits and licences from appropriate governmental authorities from time to time. Although GPM currently has all required permits and licences for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits and licences for the existing operations or additional permits or licences for all future new operations. Prior to any development on any of its properties, GPM must receive permits and licences from appropriate governmental authorities. There can be no assurance that GPM will receive and/or continue to hold all permits and licences necessary to develop or continue operating at any particular property, or that any such licences or permits awarded will not be cancelled pursuant to applicable legislation.

### ***Insurance and Uninsured Risks***

GPM's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in exploration and development, monetary losses and possible legal liability.

The Company currently maintains directors' and officers' liability insurance and general liability insurance in such amounts as it considers reasonable. Accordingly, the Company's insurance does not cover the potential risks associated with a mineral exploration company's operations. The Company may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production may not be generally available to GPM or to other companies in the mineral exploration industry on acceptable terms. The Company might become subject to liability for pollution or other hazards which may not be insured against or which GPM may elect not to insure against because of premium costs or other reasons. Losses from these events may cause GPM to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### ***Environmental Risks and Hazards***

All phases of GPM's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which GPM holds interests that are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to

cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and/or mineral exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new mineral exploration properties.

### ***Infrastructure***

Mineral exploration, processing, development and related activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

### ***No History of Mineral Production***

GPM has never had any interest in mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at any of the Company's current or future properties, nor is there any assurance that the Company's exploration programs thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any of the Company's properties will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the Company's ability to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources for which the Company is exploring, availability of additional capital and financing and the nature of any mineral deposits.

### **Additional Information**

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

**Additional Disclosure for Venture Issuers Without Significant Revenue**

**General and administrative**

<b>Detail</b>	<b>Year ended December 31, 2014 \$</b>	<b>Year ended December 31, 2013 \$</b>
Salaries and benefits	172,386	122,176
Consulting fees	189,749	291,145
Administrative and general	151,055	198,734
Reporting issuer costs	43,964	59,764
Accounting fees	74,925	65,854
Professional fees	132,035	168,240
Insurance	26,622	27,119
<b>Total</b>	<b>790,736</b>	<b>933,032</b>



**Exploration and evaluation expenditures**

Detail	Year ended December 31, 2014 \$	Year ended December 31, 2013 \$
<u>Guyana, South America</u>		
License renewal fees	10,195	14,766
Supplies	43,972	38,849
General	71,251	22,871
Contractors	59,376	66,546
Feasibility	nil	10,200
Geophysical	nil	12,964
Transportation	27,860	22,292
Wages and salaries	2,526	10,721
Repairs and maintenance	11,601	1,362
	<b>226,781</b>	<b>200,571</b>
<u>Canada</u>		
Advance royalty payments	100,000	100,000
Maintenance costs	14,588	4,144
	<b>114,588</b>	<b>104,144</b>
<u>Australia</u>		
Access fee	998,500	nil
General	339,740	nil
Consulting	198,381	nil
	<b>1,536,621</b>	<b>nil</b>
<u>Other</u>		
Acquisition costs	20,866	nil
General	40,425	nil
	<b>61,291</b>	<b>nil</b>
<b>Total</b>	<b>1,939,281</b>	<b>304,715</b>

## **Subsequent Events**

### **Cancellation of stock options**

On January 14, 2015, 2,875,000 stock options were cancelled.

### **Sale of properties**

The Company completed the sale of the Peters and Aremu Properties and the first payment of \$350,000 was received.

### **Option agreement**

On April 15, 2015, the Company announced it had entered into a definitive earn-in option agreement (the "Agreement") whereby GPM has the right and option (the "50.1% Option") to earn an undivided 50.1% legal and beneficial interest in the Weebigee Project ("Weebigee" or the "Project") and the right and option (the "70% Option") to acquire a further 19.9% legal and beneficial interest in the Project for an aggregate undivided 70% legal and beneficial interest in the Project. The Agreement is subject to any further required regulatory approvals including without limitation, the approval of the TSX Venture Exchange.

The details of the Agreement are as follows:

Pursuant to the Agreement, Goldeye, as optionor, has granted to GPM, as optionee, the right to earn up to a 70% legal and beneficial interest in the Project under certain conditions.

#### Stage 1 The 50.1% Option

To exercise the 50.1% Option, GPM must:

1. Make payment of \$50,000 in cash and issue such number of Common Shares (the "Consideration Shares") to Goldeye as shall have an aggregate fair market value of \$25,000, following receipt of all necessary approvals, (based on the volume weighted average price of such Consideration Shares over the next five business days;
2. Make three additional cash payments of an aggregate total of \$500,000 to Goldeye over 3 years; and
3. Complete expenditures on the Project of an aggregate total of \$5,000,000 over 4 years.

#### Stage 2 The 70% Option

To exercise the 70% Option, GPM, after having exercised the 50.1% Option, must, at its election, either:

1. Deliver a feasibility study to Goldeye on or prior to the date which is five years following the date upon which GPM exercises the 50.1% Option; or
2. Make cash payments to Goldeye and complete exploration expenditures on the Project as follows:
  - a. Three cash payments to Goldeye of an aggregate total of \$1,500,000 over 2 years;
  - b. Complete expenditures on the Project of \$1,000,000 prior to the 1st anniversary of the 70% Option notice date; and
  - c. Complete additional expenditures on the Project of \$2,000,000 prior to the 2nd anniversary of the 70% Option notice date.

In the event GPM exercises the 50.1% Option and/or the 70% Option, GPM and Goldeye shall be deemed to have formed a new joint venture (the "Joint Venture") and shall enter into and deliver a Joint Venture Agreement, which shall govern their relationship in respect of the Project. GPM will be the operator of the Project during the term of the option and the manager of the Project following the

formation of the Joint Venture. Under the Joint Venture Agreement, GPM and Goldeye will be required to contribute their pro rata share of further expenditures on the Project based on their respective percentage interest in the Joint Venture from time to time on standard industry terms.