TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended January 31, 2016

This Management Discussion and Analysis of TerraX Minerals Inc. ("TerraX" or the "Company") provides analysis of the Company's financial results for the year ended January 31, 2016 and should be read in conjunction with the accompanying audited financial statements and notes thereto for the year ended January 31, 2016, all of which are available at www.sedar.com. This discussion is based on information available as at April 20, 2016.

The accompanying January 31, 2016 condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about TerraX Minerals Inc. is available at www.sedar.com.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Corporation amended its notice of articles to change its name to TerraX Minerals Inc. The Company has no subsidiaries.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Company's audited financial statements for the year ended January 31, 2016 and this accompanying MD&A may contain certain statements that may be deemed "forward- looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

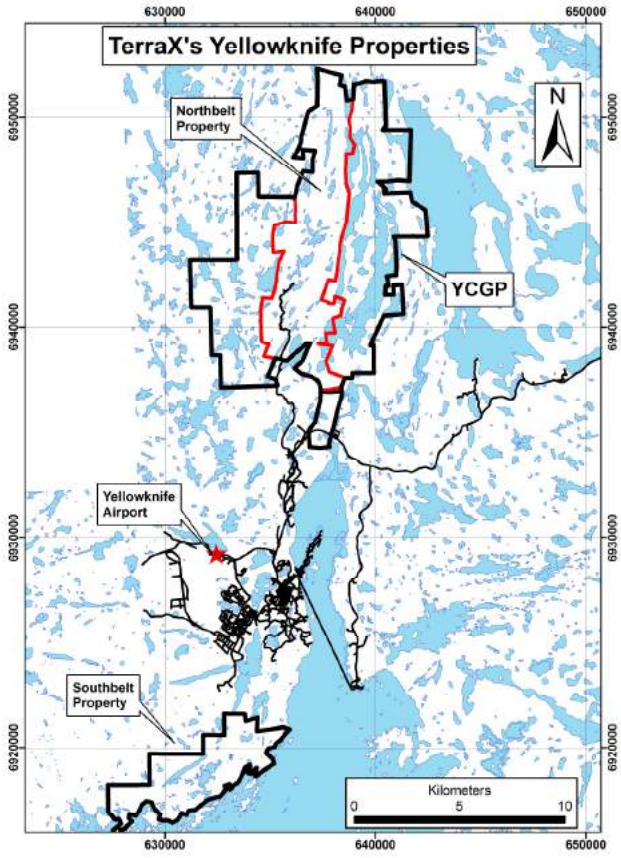
Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

OVERVIEW

During May and June 2015, TerraX arranged and completed flow-through financings totalling $5,180,145 to fund exploration on its Yellowknife City Gold Project, which now comprises 118 square kilometres of contiguous land immediately north and south of the City of Yellowknife in the Northwest Territories and includes TerraX's wholly-owned Northbelt property acquired in February 2013.



The Yellowknife City Gold **("YCG")** project lies within the prolific Yellowknife greenstone belt and covers 15 km of strike length on the northern extension of the shear system that hosts the high-grade Con (6.1 Moz) and Giant (8.1 Moz) gold mines as well as 8 km of strike to the south of Con. The project area contains multiple shears that are the recognized hosts for gold deposits in the Yellowknife gold district, with innumerable gold showings and historic high grade drill results. Since February 2013, TerraX has consolidated the project area by acquiring and optioning numerous properties, including: Northbelt, Goodwin, Walsh Lake, and U-Breccia, as well as staking additional contiguous lands to the west at Ryan Lake and the Southbelt property south of the Con Mine. Being all-season road accessible and within 15 km of the City of Yellowknife, the YCG is close to vital infrastructure, including transportation, service providers, hydro-electric power and skilled trades people.

During exploration in the summer of 2014 at the YCG project, TerraX was able to define a **5 km x 3 km "Core Gold Area" of high grade gold mineralization**, with multiple gold bearing vein sets as noted in large mineralized systems worldwide, and results that included:

- Drilled **22.42 m @ 6.35 g/t Au, inclusive of 5.16 m @ 18.40 g/t Au,** at the Barney Shear zone;
- Drilled **2.85 m @ 33.60 g/t Au, 3.07 m @ 13.84 g/t Au** and **5.10 m @ 7.01 g/t Au** near surface at Crestaurum;
- Assayed up to **878** in grab samples from two new veins discovered at the Crestaurum deposit area; and
- Assayed **141 g/t Au**, **445 g/t Ag**, **3.01% Cu and 6.32% Mo** in grab samples from the Ryan Lake Pluton area, just west of Crestaurum.

A Winter Drill program was successfully completed at the Core Gold Area in the first quarter of fiscal 2016, extending mineralization along strike and up and down dip at both Barney (TBY holes) and Crestaurum (TCR holes), confirming structure, with highlights that included:

- **7.00 m @ 10.23 g/t Au**, inclusive of **2.97 m @ 23.69 g/t Au**, in hole TCR15-003,
- **8.00 m @ 6.83 g/t Au**, inclusive of **2.04 m @ 23.89 g/t Au**, in hole TCR15-005,
- **14.09 m @ 2.96 g/t Au**, including **2.41 m @ 15.43 g/t Au**, in hole TBY15-005, and

In June of 2015, TerraX began fieldwork on the YCG project with the assistance of technical staff from Osisko Gold Royalties Ltd ("Osisko"). This cooperative work follows Osisko's agreement to invest $2.5 Million in TerraX by participating in a $5.2 Million flow-through private placement which closed on June 17, 2015. The fieldwork focused on field mapping of structurally controlled gold targets that were identified by geophysical and geological programs previously carried out by TerraX.

A 41 hole drill program was conducted on the Crestaurum Zone in the summer of 2015, designed to provide information for future resource estimation, and consisting of definition and extension drilling on mineralized shoots. Highlights from this drilling included:

Central Shoot

- **1.39 m @ 40.52 g/t Au** in TCR15-037 in a newly discovered zone in the hanging wall of the main shear

North Shoot

- **2.87 m @ 6.01 g/t Au** in TCR15-048 on the main shear, and

South Shoot

- **4.21 m @ 12.29 g/t Au**, including **2.50 m @ 19.43 g/t Au** in TCR15-068

The discovery of a higher grade zone in the hanging wall of the main shear, with similar veins and alteration haloes as the main zone, indicates that there is potential to develop another high grade shoot in the Central zone of Crestaurum.

On August 11, 2015 TerraX announced results from channel sampling of a new zone of mineralization, the Hebert-Brent showing, on the YCG. Assays from cut channel sampling across the strike of the zone returned **11.0 metres @ 7.55 g/t Au.** This was followed (September 8, 2015 news release) with channel sample results from two new zones of mineralization on the Hebert-Brent Shear. Assays from channel sampling across the strike of two zones returned **6.0 m @ 10.26 g/t Au ("Hebert-Brent South")** and **15.3 m @ 2.23 g/t Au, including 6.00m @ 4.05 g/t Au ("Hebert-Brent East").**

These results are highly significant, indicating **high grade zones of replacement style mineralization across a sheared area approximately 80 metres wide in the Hebert-Brent Shear area,** which is 1 km south and on strike with the Barney Zone all within the newly mapped deformation zone called the Barney Deformation Corridor ("BDC").

In mid-September 2015 TerraX undertook an initial six hole (953 m) drill program testing replacement style mineralization near surface in the Hebert-Brent Shear area. Results were reported in November 2015 (news release of November 18, 2015) and included highlights of:

- **10.36 m @ 3.61 g/t Au**, including **2.95 m @ 5.01 g/t Au** and **2.58 m @ 6.45 g/t** Au (TNB15-024), and

These drill results, along with surface mapping that was carried out in conjunction with the drilling, reveal that the mineralization resides near the hinges of north to north-northeast trending fold axes plunging shallowly to the south. This new interpretation also shows that the mineralization in the H-B, Brent, and H-B East is the same zone of mineralization, located on a favourable gabbro and bleached mafic volcanics next to a sedimentary (mudstone) unit.

The shallow plunge directions on the zones make it ideal for follow-up drilling with short holes, which will be undertaken during the winter drill program in early 2016. In addition, the favourable stratigraphic horizon for the mineralization, with the necessary sericite and chlorite alteration, has been mapped over much larger areas to the northeast of the Hebert-Brent Shear. These areas will be explored during field programs in 2016.

In January 2016 TerraX commenced its winter drill program at the new Mispickel target on the YCG, drilling 4 holes totalling 384 meters on two parallel sections approximately 50 meters apart. The two holes on each section

were designed to hit mineralization approximately 20-25 and 40-50 meters below a surface trench sampled by TerraX in 2013, which returned chip sampling assays across strike on the sulphide-quartz vein zone of 6.0 m @ 7.29 g/t Au (News release of October 30, 2013).

The results of this drilling were release in early March 2016 and included the following drill intersections:

- **7.30 m @ 23.60 g/t Au,** including **4.55 m @ 37. 29 g/t Au** in the main zone of hole TWL16-002
- **8.60 m @ 12.87 g/t Au**, including **5.45 m @ 18.24 g/t Au** in the main zone of hole TWL16-001, and **11.32 m @ 2.14 g/t Au**, including **2.10 m @ 5.92 g/t Au** in the footwall zone.

The obvious increase in grade and width of zones of mineralization with depth, and the potential to demonstrate continuity of mineralization along strike, resulted in a decision to do more work in the Mispickel area this winter. A detailed ground magnetic survey was carried out in March 2016 as magnetic susceptibility readings of the core have shown a good correlation of gold grade with higher magnetism. The drill data from the first four holes, coupled with the magnetic survey, aided in the identification of additional drill targets at Mispickel that were tested with a five hole drill prior to the end of March. Drill results are pending.

YELLOWKNIFE CITY GOLD, NORTHWEST TERRITORIES

BACKGROUND

NORTHBELT PROPERTY

On February 13, 2013, the Company completed the acquisition of the Northbelt property from the receiver for Century Mining Corp. and commenced a compilation of previous work. The Northbelt property was explored at the beginning of the Yellowknife gold rush in the early 1940s. It was staked by multiple claimholders in 1944 with the discovery of the outcropping Crestaurum deposit. Drilling commenced in 1945 and the property was intermittently active throughout the 1960s and 1970s. By the 1970s Giant Gold Mines had largely consolidated the property and began serious exploration and by the end of the 1980s substantial drill programs were completed. Detailed mapping during this period confirmed that the property hosts the extension of the Yellowknife Gold Camp's gold bearing structures and that the stratigraphy associated with the large mines occurs on the property. It was also realized that numerous other sub-parallel structures host gold occurrences, including the Crestaurum deposit. In addition, a precious metal (Ag, Au) enriched base metal (Zn/Pb +/-Cu) target was identified in the northern part of the property.

At least 550 drill holes were completed on the property between 1938 and 1996, mostly concentrated on the Crestaurum deposit within a mineralized shear that trends for at least 1.4 km in a northeast direction. On the order of 200 historical drill holes intersected the structure, with the vast majority intersecting the structure at less than 100 m vertical depth. The shoots defined by drilling (North, Central, and South in the No. 1 Shear) consist of narrow veins, generally less than 1 m thick, within a chloritic (+/- carbonate and sericite) shear that can be up to 25 m wide. The Crestaurum shear bifurcates at its northern end and both horizons have high grade gold intersections.

The other significant work on the property was conducted in the first half of the 1990s focused on other shear zones (25 gold bearing shears identified in the southern part of the property). Significant success was achieved in deeper drilling (up to 300 m below surface) on the north-trending Barney Shear, interpreted as the extension of the main Giant Mine trend. The best reported intersection from this shear was **18.78 m @ 4.74 g/t Au, including 9.75 m @ 8.76 g/t Au** in hole NB95-16. Another north-trending structure, the 20 Shear, returned **19.71 m @ 4.61 g/t Au** from hole NB94-1A.

In the northern part of the property there is widespread base metal mineralization. As with the gold targets it was initially found on surface and later explored with drilling. Drill holes under the showings show relatively good continuity, even of the narrow lenses. The horizons are Pb-Zn rich, with minor Cu, very high silver content and locally appreciable gold. Examples include **6.10 m @ 2.54 g/t Au, 204.31 g/t Ag, 10.82% Zn and 6.03% Pb** from hole 38-2 and **2.44 m @ 0.69 g/t Au, 162.14 g/t Ag, 7.64% Zn and 9.95% Pb** from hole G-2.

WALSH LAKE PROPERTY

In October 2013, TerraX entered into an option agreement whereby it can acquire a 100% interest in the Walsh Lake property, which is contiguous with and immediately east of the Northbelt property. TerraX can acquire a 100% interest over a four year period by making option payments totalling $90,000, issuing 260,000 shares and funding

$400,000 of exploration expenditures. The vendor will retain a 2% NSR, of which 1.5% can be purchased by TerraX for $2 Million. The Walsh Lake property consists of seven leases and five claims totalling 2,695 ha. Historical exploration on the property has produced grab samples as high as **150 g/t Au** and drill intersections as high as **15.85 m @ 2.59 g/t Au**. During due diligence field work conducted during September 2013 TerraX visited eleven different showings on the property, sampling trenches and exposed showings. Results confirm that anomalous to significant gold concentrations are widespread on the property, with a best chip sample result of **6 m @ 7.29 g/t Au** from the Mispickel Island showing. The Walsh Lake property is underlain by Archean felsic volcanics and sediments. The structural regime on the Walsh Lake and Northbelt properties appears to be similar, with gold on the Walsh Lake property occurring in subvertical, NNW to NNE trending shear zones and associated quartz veins and biotite or sericite schists.

In May 2015 TerraX expanded its land position in the eastern part of the YCG by staking one claim and optioning an additional claim from local prospector Walt Humphries. The latter claim was added to the Walsh Lake property presently under option from Mr. Humphries.

TERRAX EXPLORATION

INTRODUCTION

Exploration of the Yellowknife City Gold project started with a compilation of available information and the creation of a GIS project and 3D models of known mineralized bodies. The GIS project and 3D models are updated regularly and are used to plan exploration and record results. Access and logistics for the YCG project are excellent. The bulk of the work to date has been focused on the Northbelt property.

GEOPHYSICAL SURVEYING

TerraX commenced field exploration at Northbelt in the summer of 2013 with an airborne survey to acquire detailed magnetic, electromagnetic (EM) and radiometric data flown by Aeroquest Ltd. of Aurora, Ontario. The survey was flown by helicopter at a height of between 30 m and 60 m and consisted of a total of 520 line km, comprised of east-west lines spaced 100 m apart. The magnetic survey revealed a major magnetic high in the northern part of the property, as well as strong north-northeast anomaly orientations interpreted to be caused by both stratigraphy and structures. The radiometric data for potassium showed highs corresponding to granites and several moderate strength north-northeast trending linear highs that could represent hydrothermal alteration along mineralized structures. The EM survey revealed a 1.2 km long, north-trending conductor in the northern part of the property, 400 m of which is highly conductive. This conductor was later tested by drilling and consisted of stringer pyrrhotite. A 4 km long, north-northeast trending intermittent conductor is present in the central part of the property, and an 800 m long conductor is present in the southern part of the property possibly caused by graphitic sediments.

LiDAR Services International Inc. flew a LiDAR (Light Detection and Ranging) survey over the YCG in July, 2014. This survey provided detailed elevation data of bare earth (Fig. 1) and vegetated terrain models, as well as a high resolution air photo mosaic. This information allows TerraX to trace mineralized shear zones (commonly topographic lows); provides surface modelling for future NI 43-101 mineral resource estimation; and is an invaluable tool for detailed collar location planning for drill programs.

SURFACE EXPLORATION

TerraX has conducted extensive field programs in 2013, 2014 and 2015. Initially, TerraX concentrated on locating historical drill collars in the field, finding approximately 125 of the collars at Crestaurum and more than 100 elsewhere on the property. All drill hole locations were recorded with a hand-held GPS and 155 of the most important holes in the southern part of the property were subsequently surveyed with a differential GPS. Precise knowledge of the location of historical drill holes allows TerraX to twin specific holes and also to create accurate 3-D models. In many drill holes casing has been left intact and capped, offering the option of carrying out downhole geophysical surveys and wedging directly from holes with mineralized intersections. Many of the historical collars that were not located were drilled from winter ice over lakes and ponds; their locations are known with a considerable degree of accuracy as they were drilled from the same surveyed ground grids as drill collars that were located onshore.

TerraX has collected approximately 3,000 surface (grab, chip and channel) samples to date. Gold is widely distributed throughout the YCG. Most mineralization occurs on north to northeast-trending (000 to 030° trending),

sub-vertical structures, although locally northwest-trending structures are important. Structures observed on surface consist of 0.5 to 15 m wide zones of iron carbonate alteration, with or without sericite or chlorite. One or more quartz veins typically occur within the structure; such veins can be up to 1 m wide and have varying amounts of pyrite, arsenopyrite and base metal sulphides (galena, sphalerite, less commonly chalcopyrite). Bands of semi-massive sulphide up to 1 m wide are common in the northern part of the property and less common in the southern part. A concentration of gold on numerous structures has led TerraX to define a **"Core Gold Area"** in the south-central part of the property. TerraX's samples from the YCG collectively returned up to **1205 g/t Au, 529 g/t Ag, >20% Pb, 13.65% Zn, 3.01% Cu and 6.32% Mo** (from different samples).

Homer Lake Area

Geological reconnaissance and sampling in the Homer Lake area defined five mineralized structures trending north-northeast and one trending north-northwest (see map on website). The north-northeast structures are silver and base-metal rich, locally with moderate amounts of gold. Mineralization occurs in semi-massive sulphides and lesser quartz veins within these structures, which can be seen to pinch and swell in the field. Results up to **7.54 g/t Au, 529 g/t Ag, >20% Pb and 13.65% Zn** have been obtained from different grab samples from the north-northeast structures. The best chip result was **7 m @ 0.50 g/t Au, 90.2 g/t Ag, 4.25% Pb and 0.89% Zn**, from Structure 2. Drill logs from historical holes suggest that a number of sulphide bearing structures exist which have not yet been recognized on surface by TerraX. The significant EM anomaly identified by TerraX's airborne geophysical survey occurs in the Homer Lake area, but none of the known mineralized structures are interpreted as the cause of the anomaly.

Walsh Lake Property

Several showings from the Walsh Lake Property were examined and sampled. The best trench returned **6.0 m @ 7.29 g/t Au** in chip samples at the Mispickel Zone. In January 2016 TerraX commenced its winter 2016 drill program at Mispickel, drilling 384 meters in 4 holes on two parallel sections approximately 50 meters apart. The two holes on each section were designed to hit mineralization approximately 20-25 and 40-50 meters below a surface trench sampled by TerraX in 2013, which returned chip sampling assays across strike on the sulphide-quartz vein zone of 6.0 m @ 7.29 g/t Au (News release of October 30, 2013).

Assay results from this drilling at Mispickel were announced in early March 2016 with the following drill intersections reported:

- **7.30 m @ 23.60 g/t Au,** including **4.55 m @ 37. 29 g/t Au** in the main zone of hole TWL16-002
- **8.60 m @ 12.87 g/t Au**, including **5.45 m @ 18.24 g/t Au** in the main zone of hole TWL16-001, and
- **11.32 m @ 2.14 g/t Au**, including **2.10 m @ 5.92 g/t Au** in a footwall zone of hole TWL16-001.
- **4.05 m @ 3.49 g/t Au** in the main zone of hole TWL16-003
- **7.50 m @ 2.08 g/t Au** in the hanging-wall zone of hole TWL16-004

A further five holes were drilled at Mispickel at the end of March 2016 to follow up on success of this initial drill program. Assay results are pending.

The main Sam Otto area contains approximately 10 trenches, exposing a north to northwest, steeply dipping structure in finely laminated sediments. Chip sampling of three of these trenches produced results of **5 m @ 1.90 g/t Au**; **6 m @ 0.98 g/t Au**; and **8 m @ 0.89 g/t Au**. The structure is up to 8 m wide and contains several quartz veins of variable width, with minor pyrite and lesser arsenopyrite. A grab sample from a quartz vein 100 m northeast of the Sam Otto zone assayed **72.6 g/t Au**. A total of nine holes were drilled in the Sam Otto target in February of 2016. All drill holes intersected wide, pervasive and persistent zones of mineralization, including **49.70 m @ 1.00 g/t Au** in hole TWL16-001 and **30.70 m @ 1.33 g/t Au** in hole TWL16-013. For more details see our news release of April 13, 2016.

Pinto

The Pinto Vein outcrops over a strike length of 160 m. The "vein" consists of an anastomosing series of veins up to 2 m wide in total, with a maximum vein width of 1 m. Veins are composed predominantly of quartz, with lesser ankerite and minor sulphides (pyrite, galena, sphalerite, chalcopyrite/malachite). The best chip sample was **2 m @ 7.15 g/t Au, 5.6 g/t Ag, 0.23% Pb and 0.20% Zn**. This structure was drill tested by TerraX in March, 2016 with assay results pending.

AES

Anomalous gold values were traced by TerraX over a 650 m strike length of the AES structure in the central part of the project area. Gold occurs in quartz-ankerite veins. The best chip sample was **1 m @ 4.76 g/t Au, 0.6 g/t Ag and 0.13% Zn**. This structure was drill tested by TerraX in March, 2016 with assay results pending.

Barney Shear

The north-trending Barney Shear has been traced over a strike length of 4.5 km and drill tested over 600 m of strike length. A number of high-grade gold results were reported in drilling, mostly beneath Milner Lake (see below). TerraX prospected the length of the Barney Shear, collecting more than 100 grab and chip samples. Almost half of these samples were anomalous in gold (>50 ppb) and six of the grab samples contained more than 1 g/t Au, with a high of **12.30 g/t**. The shear contains anomalous base metals throughout its length, with high values of **5.77% Pb, 6.41% Zn and 0.75% Cu** (different samples). Thirteen samples contained more than 1% Pb and five contained more than 1% Zn. The most consistent mineralization occurs proximal to intersections of the Barney Shear with northeast-trending shears. TerraX drilled three deep holes at Barney to test the mineralized zone at depth during March 2016, with assay results pending.

Hébert-Brent Area

Geological mapping in 2015 identified several areas of extensive sericite alteration in the Core Gold Area. This work resulted in the identification of the >500 m wide, north-northeast trending Barney Deformation Corridor. An important new surface showing called the Hebert-Brent showing was discovered. This showing features an 11 m wide sulphide-sericite-ankerite schist shear zone, partly within a 10-15 m wide felsic dike which has been slightly offset by the shear zone. Initial channel samples from the showing returned **11.0 m @ 7.55 g/t Au**. Additional channel sampling across the strike of two nearby zones returned **6.0 m @ 10.26 g/t Au** ("Hebert-Brent South") and **15.3 m @ 2.23 g/t Au, including 6.00 m @ 4.05 g/t Au** ("Hebert-Brent East"; Fig. 3)**.** Mineralization is replacement style, and unusually for the Yellowknife gold camp, there is a noticeable lack of quartz veining. Mineralization consists 20% to 60 % semi-massive, fine-grained sulphide needles. Importantly, the sericite-ankerite alteration sampled at the Hebert-Brent has become key exploration criteria for identifying potential gold mineralization in the YCG. Recognition of this style of mineralization is important because replacement style deposits, such as Hemlo and Éléonore, can be very large gold producers. A further sixteen holes were drilled at Hebert-Brent in March 2016 with assay results pending.

Ryan Lake East

The Ryan Lake Pluton underlies Ryan Lake on the western margin of the YCG. Numerous thin quartz veins, some with apparent potassium feldspar, occur near the southern and eastern margins of the pluton. A number of wider (0.5 to 2 m), north-northwest trending quartz veins are present; these contain variable amounts of molybdenite, pyrite and lesser chalcopyrite. The veins intrude the pluton and the surrounding mafic stratigraphy. The most significant structure is Shear 17, which can be traced for 1.2 km. This shear zone/vein system and nearby veins were tested with 31 drill holes by Jacknife Mines in the mid-1940's. Unfortunately, no drill records or useable core are available.

TerraX sampled veins within Shear 17 and nearby subparallel veins. Values up to **141 g/t Au**, **445 g/t Ag, 6.32% Mo** and **3.01% Cu** were obtained. A chip sample of **2.0 m @ 21.4 g/t Au** was obtained from a splay off Shear 17. Historical hole NB96-24 intersected the Ryan Lake Pluton at a vertical depth of 500 m, 1 km east of where it outcrops and intersected **4 m @ 7.78 g/t Au and 0.13% Mo** within the pluton and 72 m @ 0.08% Cu in the overlying volcanics. Thus it seems that a porphyry mineralization system was operative in the Ryan Lake East area, probably with a mesothermal gold system superimposed on it.

Crestaurum Area

Crestaurum is a discrete shear striking northeast and dipping southeast. It has been followed on surface for approximately 4 km. It has been drilled over 1.2 km of strike length up to a depth of approximately 100 meters vertical from surface by approximately 200 drill holes. The shear consistently contains moderate to low grade gold, and the higher gold grade mineralized shoots within the shear contain quartz veins and minor sulphide mineralization.

While Crestaurum has been intersected by numerous drill holes, it outcrops on surface only at its southwest and northeast limits. Where exposed by trenches in these locations the structure has returned a chip sample of **4 m @ 24.26 g/t Au**. A number of quartz veins occur close to the Crestaurum Shear, many of which contain visible gold.

These are dominantly northwest trending, although northerly and easterly trending veins have also been recognized Grab samples assays up to **878 g/t Au**. The intersection of the main northeast trending Crestaurum structure with the numerous northwest structures could provide a control on the interpreted high grade lodes defined in historical resource estimates made at Crestaurum. Two holes totalling 200 m have been drilled in this area in the winter of 2016. Assay results are pending.

DRILL HOLE RE-LOGGING AND RE-ASSAYING

Background

A substantial amount of historical core from the Northbelt property was stored at a storage facility on the Giant mine site. Approximately 30 1973/74 holes from Homer Lake were recovered along with 86 holes drilled in the 1990's from the southern part of the property. The ore intersections from all 74 Crestaurum holes drilled in 1985 were also preserved. TerraX moved this core to its new core facility established at the Yellowknife airport. TerraX has re-logged, re-sampled and conducted extra sampling of much of this historical core, including the Crestaurum core. TerraX's assay results include:

Crestaurum

- **13.07 g/t Au over 6.87 meters** in hole 85-118
- **67.69 g/t Au over 2.00 meters** in hole 85-136
- **11.96 g/t Au over 6.00 meters** in hole 85-166
- **62.90 g/t Au over 5.00 meters** in hole 85-150
- **20.66 g/t Au over 5.00 meters** in hole 85-187
- **12.43 g/t Au over 5.00 meters** in hole 85-173

Barney Shear

- **20.86 m @ 3.79 g/t Au, including 4.00 m @ 12.59 g/t Au** in hole NB95-16
- **27.00 m @ 1.90 g/t Au, including 2.70 m @ 8.97 g/t Au** in hole NB96-04

TerraX re-sampled drill hole NB96-24 which is approximately 200 meters south of NB95-16 and along strike. NB96-24 was the longest hole drilled on the Northbelt property (+ 630 m) and intersected seven separate zones of mineralization in mafic volcanics, including gold, silver, copper and lead, and then intersected highly altered and mineralized porphyry to the end of the hole hosting gold silver, copper and molybdenum mineralization. Assays included:

- **4.00 m @ 7.73 g/t Au, 6.8 g/t Ag, 0.13% Mo** in porphyry
- **2.00 m @ 7.44 g/t Au, 14.5 g/t Ag and 0.24% Cu** in porphyry
- **72.00 m @ 0.43 g/t Au, 2.7 g/t Ag, 0.08% Cu in** overlying volcanics. In March 2016 TerraX re-entered this hole to conduct a down hole survey and drilled a further 40m beyond the prior terminus of this hole and is awaiting assay results.

20 Shear

The 20 Shear strikes north-south, sub-parallel to the Barney Shear, and occurs midway between the Barney Shear and Crestaurum. In 1994, Nebex drilled 14 holes into the 20 Shear and a splay off this shear. One hole in particular, NB94-01A was reported to be well mineralized. TerraX re-sampled this hole, documenting a mineralized zone totaling **21.12 m @ 2.97 g/t Au, inclusive of 3.88 m @ 8.81 g/t Au.** This mineralization occurs in a siliceous rhyolitic tuff.

DRILLING

Background

In early March 2014 Land Use Permit No. MV2014C005 was issued by the McKenzie Valley Land and Water Board ("MVLWB") allowing TerraX to conduct advanced exploration and drilling programs on the YCG. The permit is for a term of five years with the option of a two year extension at the option of the Company.

The permit applies to all TerraX's exploration land holdings immediately north of the City of Yellowknife with the exception of the Goodwin Claims which contain approximately 5% of the YCG area and were exempted by TerraX from the permit application at the request of the Yellowknife Dene First Nation as they border culturally and environmentally sensitive land.

2014 Drill Program

In late March, 2014 Terrax commenced drilling on the Northbelt Property. The drill campaign was designed to test three initial target areas: **Barney Shear,** the **Crestaurum Zone**, and the **Homer Lake** base metal/precious metal target. The first drilling was completed at Homer Lake because the target area was within 500 m of a previously established ice road which made winter access easier with much less environmental impact than overland access in summer conditions.

Two Homer Lake holes tested the upper edges of the discrete EM conductor identified by TerraX's 2013 airborne survey. At that depth, this conductor was found to have been caused by numerous pyrrhotite stringers/veins up to 5 cm in width. Significant anomalous gold is associated with these stringers, such as **16.34 m @ 0.61 g/t Au, including 0.71 m @ 6.83 g/t Au** in hole TNB14-001. TerraX has not observed this style of pyrrhotite-gold mineralization elsewhere on the Property. The other two Homer Lake holes were drilled under the main trench. These holes both intersected the bands of semi-massive sulphide seen on surface, with a best intersection of **3.42 m @ 3.41 g/t Au, 69.3 g/t Ag, 3.67% Pb, 3.17% Zn** in hole TNB14-004; this occurs within a wider zone of anomalous metals which ran **71.15 m @ 0.25 g/t Au, 14.0 g/t Ag, 0.73% Pb and 0.57% Zn**.

TerraX drilled a total of 12 holes at Crestaurum in 2014 (three in winter and nine in the summer to verify historical information and possibly allow the 117 historical drill holes to be incorporated into a future NI 43-101 resource estimate. The three holes (533 m) drilled at Crestaurum during the winter were designed to twin historic drill holes for which no drill core is available and confirm the correlation with historic drill results. All three holes confirmed the original results; highlights include **10.02 m @ 4.17 g/t Au,** inclusive of **2.89 m @ 10.88 g/t Au,** in drill hole TNB14-011.

The nine holes (810.5 m) drilled at Crestaurum during the summer drill program intercepted high-grade gold near surface in several holes, with mineralized intersections encountered from as little as 5 metres to no more than 70 metres vertically below surface. Highlights include:

- **2.85 m @ 33.60 g/t Au** in hole TNB14-019**,**
- **3.07 m @ 13.84 g/t Au** in hole TNB14-015

Five holes (1,172 m) were drilled at the Barney Shear target in June 2014 and were successful in intercepting the up-dip extension of mineralized zones intersected in 1995/96 drill programs conducted by Nebex Resources Ltd. Four holes were wedges off previous Nebex drill holes. Assay results include:

- **22.42 m @ 6.35 g/t Au, inclusive of 5.16 m @ 18.40 g/t Au,** in hole NB95-16W1**;** and
- **45.71 m @ 1.56 g/t Au**, **inclusive of 15.73 m @ 3.73 g/t Au,** in hole NB96-16W3

The fifth hole (TNB14-013) was designed to cross the mineralized zone up-dip and between holes NB95-16 and NB96-04. This hole hit the zone but intersected weaker alteration, shearing and mineralization, supporting the indications that gold mineralization at the Barney Zone is stronger with depth. The hole intersected a few weak polymetallic zones similar to hole NB96-04 and its wedges, including 7.5 m @ 0.38 g/t Au, 6.4 g/t Ag and 0.35% Pb, and a second high grade silver and lead zone of 1.66 m @ 0.58 g/t Au, 228.1 g/t Ag, and 4.61% Pb.

2015 Winter Drill Program

In December 2014, the Company awarded the drilling contract for its winter drill program at YCG to Foraco Canada Ltd. Operating from their base in Yellowknife, Foraco has enabled us to significantly reduce the logistical expenses normally associated with drilling in northern Canada while providing direct employment and economic impact to the local communities.

Drilling commenced in mid-January at Crestaurum to test further down dip from gold mineralization intersected in the previous drill holes, confirming structure with various amounts of quartz veining and visible gold. Highlights included:

- **7.00 m @ 10.23 g/t Au**, inclusive of **2.97 m @ 23.69 g/t Au**, in hole TCR15-003, and
- **8.00 m @ 6.83 g/t Au**, inclusive of **2.04 m @ 23.89 g/t Au**, in hole TCR15-005, and
- **15.50 m @ 2.89 g/t Au**, inclusive of **2.94 m @ 13.28 g/t Au**, in hole TCR15-006.

Eight holes were drilled along 400 m of untested Crestaurum Zone structure north of the North Extension Shoot. This drilling tested approximately 150 m of the structure starting more than 200 m north of the known North Extension mineralization included **8.86 m @ 2.86 g/t Au**, inclusive of **2.00 m @ 10.24 g/t Au**, in hole TCR15-025

Holes TBY15-001 to TBY15-011 were drilled on the Barney Shear in March, 2015. These holes are step-out holes drilled to test the southern strike extension of gold mineralization intersected in previous drill holes on the Barney Zone, and also test up dip of the zone to 90 meters vertical depth. All these holes hit the mineralized shear where expected, confirming structure, with various amounts of quartz veining and sulphides. Results included **14.09 m @ 2.96 g/t Au**, inclusive of **2.41 m @ 15.43 g/t Au** in TBY15-005, and **15.00 m @ 1.59 g/t Au**, inclusive of **2.00 m @ 4.85 g/t Au** and **3.00 m @ 3.56 g/t Au in TBY15-003.**

Crestaurum Shear – Summer Drill Program 2015

TerraX commenced its summer drill program on the Yellowknife City Gold project in mid-July 2015 with a 41 drill hole program at Crestaurum. Drilling was designed to prepare the Crestaurum Zone for future resource estimation, and consisted of definition and extension drilling on mineralized shoots. Assays include:

- **1.39 m @ 40.52 g/t Au** in TCR15-037 in a newly discovered zone in the hanging wall of the main shear
- **4.21 m @ 12.29 g/t Au**, including **2.50 m @ 19.43 g/t Au** in TCR15-068
- **10.80 m @ 3.49 g/t Au**, including **2.38 m @ 8.13 g/t Au**, and **4.37 m @ 3.46 g/t Au** in TCR15-052

Drilling in the Hebert-Brent Shear

In mid-September 2015 TerraX undertook an initial six hole (953 m) drill program testing replacement style mineralization near surface in the Hebert-Brent Shear area. Highlights include:

- **10.36 m @ 3.61 g/t Au**, including **2.95 m @ 5.01 g/t Au** & **2.58 m @ 6.45 g/t** Au in hole TNB15-024, and
- **6.70 m @ 2.70 g/t Au**, including **2.00 m @ 8.77 g/t Au** in hole TNB15-025.

Drilling of the Hebert-Brent Shear was conducted to follow up on assays from channel sampling at surface that interpreted multiple north to northeast striking shear zones intersecting steeply northeast dipping porphyry dikes that led us to expect north-easterly plunging zones of mineralization. These drill results, along with surface mapping that was carried out in conjunction with the drilling, reveal that the mineralization actually resides near the hinges of north to north-northeast trending fold axes plunging shallowly to the south. This new interpretation also shows that the mineralization in the H-B, Brent, and H-B East is the same zone of mineralization, located on a favourable gabbro and bleached mafic volcanics next to an identifiable sedimentary (mudstone) unit. A further sixteen holes were drilled at Hebert-Brent in March, 2016. Assay results are pending.

During the year ended January 31, 2016 the Company incurred $3,592,265 in exploration on the Yellowknife City Gold Project, inclusive of geological consulting of $938,750, drilling and assays of $2,040,881, geophysical of $50,585 and field expenses of $562,049. A total of 13,912 meters in 94 drill holes were completed during the February 2015 to January 2016 period. Since beginning the program 25,348 meters have been drilled in 176 holes.

PRIVATE PLACEMENTS

Private Placement of $2.5 Million and sale of option on 1.0% NSR for $1 Million to Osisko

On May 12, 2015 TerraX entered into an agreement to grant an option to Osisko to purchase an additional 1.0% net smelter return royalty ("NSR") on its wholly-owned Yellowknife City Gold Project in the Northwest Territories. To purchase this option, Osisko paid TerraX $1,000,000 in cash. The option entitles Osisko to purchase a 1.0% NSR on production from the properties that comprise the YCG by payment of an additional $2,000,000 within 3 months following commencement of production. This 1.0% NSR is in addition to the existing Osisko option to acquire a 2% NSR on YCG (subject to underlying royalties to certain property vendors, and payment of $2,000,000 within 3 months of the start of production from those properties). This transaction closed on June 17, 2015.

In conjunction with the acquisition of the option, Osisko agreed to a private placement of 6,250,000 flow-through shares at $0.40 per share for gross proceeds of $2,500,000 which also closed on June 17, 2015. The shares were subject to a hold period expiring on October 18, 2015. Osisko now owns 16.7% of the common shares of TerraX along with warrants exercisable to purchase an additional 2,243,463 shares of TerraX. Osisko has also been granted rights to participate in future production royalties held or created by TerraX following the private placement and *pro rata* financing participation rights. Osisko was also given the right to nominate one (1) director who will be put forward and included in management's nominees for directors at any meeting of TerraX shareholders, as long as Osisko holds at least 10% of the issued and outstanding shares of TerraX on a non-diluted basis.

Non-Brokered Private Placement of $2 Million with CMP

On June 2, 2015 TerraX announced that it had reached agreement with CMP, a large Canadian institutional shareholder, for a non-brokered private placement of 5,000,000 flow-through shares at $0.40 per share for gross proceeds of $2,000,000. This placement was completed on June 5, 2015. A cash finder's fee was paid on this placement along with the issuance of 300,000 finders warrants exercisable at $0.55 per share until June 5, 2018.

Second tranche of Non-brokered Private Placement closed for $526,145

On June 18, 2015 TerraX completed a second closing of its non-brokered private placement announced May 19, 2015 with the issuance of a further 1,058,100 flow-through units at $0.45 per unit and 125,000 flow-through common shares at $0.40 per share for aggregate gross proceeds for this tranche of $526,145. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.55 per share until June 18, 2018. Cash finder's fees were paid with respect to a portion of this placement along with the issuance, to certain finders, of 21,486 finders warrants exercisable at $0.55 until June 18, 2018.

Final tranche of Non-brokered Flow-through Private Placement closed for a total raised of $5,180,145

On June 24, 2015 TerraX completed a third and final closing of its non-brokered private placement announced May 19, 2015 with the issuance of a further 385,000 flow-through common shares at $0.40 per share for gross proceeds for this tranche of $154,000. Cash finder's fees were paid with respect to this placement along with the issuance of 23,100 finders warrants exercisable at $0.55 until June 24, 2018.

With completion of this last tranche of the non-brokered flow-through financing announced May 19th, along with the $2.5 Million flow-through private placement with Osisko completed on June 17 2015, TerraX raised a total of $5,180,145 in flow-through financing that is being used to fund an extensive drill program that commenced last summer on the Yellowknife City gold project.

In addition, the Company also closed a non-brokered private placement of 145,000 non-flow-through units at $0.36 per unit for gross proceeds of $52,200. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.55 per share until June 24, 2018. No finders' fees were payable with respect to this placement

Use of Proceeds from Flow-through Private Placements

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of the common shares. The incremental proceeds, or "premium", are recorded as a flow-through liability.

Upon issuance of the flow-through shares in June 2015 for gross proceeds of $5,180,145, the Company recorded a flow-through liability of $693,810. As expenditures are incurred, the flow-through share liability is reversed. To January 31, 2016, the Company has incurred $2,281,637 in eligible exploration expenditures and, accordingly, the flow-through share liability was reduced to $362,518 and the reduction of $331,292 has been recognized in the Statement of Comprehensive Loss.

As at January 31, 2016 there was a total of $2,898,508 remaining to be spent from the flow-through financings completed in June 2015.

Southbelt property staked south of Yellowknife

On September 23, 2015 TerraX announced that it had staked 8 km of strike on the southern extension of the Yellowknife Greenstone Belt, immediately south of the historic Con Mine. The new Southbelt property consists of five claims totaling 16.7 sq. km and will become part of TerraX's Yellowknife City Gold project. During a brief two day reconnaissance program on the northeastern third of the Southbelt property prior to staking, twelve structures were noted and 44 grab samples were collected. Six of these structures returned gold values of greater than 0.5 g/t, with a high value of **94.9 g/t Au**. The Southbelt property adjoins the southern boundary of the Con property, owned by Miramar Northern Mining Ltd. (itself owned by Newmont Mining Corporation). Most of the property was owned by Miramar up to 2008. The property is underlain predominantly by mafic volcanic and intrusive rocks, in the same stratigraphy as the Con and Giant deposits. A number of structures on the Con property strike onto the Southbelt property. These structures vary in orientation from north-northwest to east-northeast and are subvertical. As in TerraX's ground north of Yellowknife, the structures typically consist of a 1 to 5 m wide shear zone with strong iron carbonate alteration, cored by one or more quartz veins containing variable amounts of arsenopyrite, pyrite and base metal sulphides.

Options Granted and Amended

On July 14, 2015 TerraX granted 200,000 stock options to consultants at an exercise price of $0.31 per share for a two year period from the date of grant. A further 300,000 options exercisable at $0.31 until July 22, 2018 were granted to consultants on July 22, 2015. These options all vested immediately.

On August 31, 2015 TerraX granted 350,000 stock options to consultants at an exercise price of $0.25 per share for a two year period from the date of grant. These options all vested immediately.

On September 2, 2016 the Company granted a director 250,000 incentive stock options exercisable at $0.25 for a period of two years from the date of grant.

At the Annual General Meeting of the Company held on October 14, 2015 the disinterested shareholders of Company approved proposed amendments to the exercise price of 650,000 options previously granted to certain directors of TerraX on March 14, 2014. These options, along with 400,000 options exercisable at $0.75 granted to consultants on that same date, were subsequently re-priced to an exercise price of $0.35 on November 12, 2015. The expiry date of the options remained unchanged at March 14, 2019.

Extension of Expiry Date of Share Purchase Warrants

In December 2015 TerraX received regulatory approval to extend by one year the exercise period of the following outstanding common share purchase warrants:

- 1,236,462 warrants exercisable to purchase 1,236,462 common shares of the Company at $0.50 per common share, 1,130,906 of which were due to expire on December 20, 2015 and 105,556 of which are due to expire on December 27, 2015;

- 750,000 warrants exercisable to purchase 750,000 common shares of the Company at $0.51 per common share, which were due to expire on February 12, 2016;

- 650,000 warrants exercisable to purchase 650,000 common shares of the Company at $0.57 per common share, which were due to expire on February 28, 2016;

The new respective expiry dates for the warrants are December 20, 2016, December 27, 2016, February 12, 2017 and February 28, 2017. The affected warrants were issued pursuant to private placements completed in December 2013 and February 2014. The respective exercise prices of the warrants remain unchanged.

CURRENT ECONOMIC CONDITIONS

During 2015, ongoing global economic weakness made for extremely volatile capital markets characterized by weaker equity prices for mineral exploration companies and an environment in which limited opportunities exist to raise additional capital. While periods of stronger commodity prices have provided financing opportunities which TerraX has capitalized on in the past to augment its working capital, management of the Company remains cautious and will continue to take the necessary precautions to maintain its cash reserves. The Company has commitments in the future (in fiscal 2017 and beyond) on its mineral properties and the Company may be forced to abandon and write-off one or more of these properties if the Company does not have the means to meet these commitments, or does not feel it is fiscally prudent to do so.

With the completion of private placements in June 2015 for gross proceeds of $5,232,345 and on April 15, 2016 for $936,200, the Company anticipates having sufficient cash to meet all of its obligations through the remainder of fiscal 2017, with in excess of $3.1 Million available as of the date of this report to fund extensive exploration at Yellowknife City Gold as well as our general and administrative operating expenses for the coming year. The Company continued to review its mineral property commitments as well as its working capital position on an ongoing basis during fiscal 2016 and, as a result, elected to abandon its Central Canada when the annual pre-production royalty became due in December 2015, returning the property to the vendors while it was still in good standing, thus avoiding further work obligations. While management does not believe that the abandonment of any of the Company's other mineral properties is required at this time, management may elect to abandon properties when obligations become due if deemed necessary in order to maintain the long-term viability of the Company.

Comment

RESULTS OF OPERATIONS – YEAR ENDED JANUARY 31, 2016

Operating expenses for the year ended January 31, 2016 totaled $1,352,839 as compared to $1,879,555 incurred during the year ended January 31, 2015. The significant differences in expenditures were as follows:

Consulting expense increased to $237,369 during the year ended January 31, 2016 from $153,910 incurred during the same period a year prior due to a resumption in investor presentations and road shows during the current period to raise additional money for exploration and to discuss the results of exploration then underway at the YCG project.

Office, rent and miscellaneous expense increased to $77,556 during the year ended January 31, 2016 from the $50,832 incurred during the same period a year prior due to an increase in charges for rent and administration services during the current period.

During the year ended January 31, 2016 the company incurred $433,253 for share-based payments (a non-cash expense) for stock options granted and vested during the period. This is reduced from share-based payment expense of $1,055,410 incurred during the same period a year prior when a larger number of options were granted and vested.

The Company spent $435,715 for transfer agent, filing fees and shareholder communications during the year ended January 31, 2016, a decrease from the $455,108 incurred during the same period a year prior, when increased costs were incurred for advertising.

Travel and related costs decreased slightly to $118,795 during the year ended January 31, 2016 from the $121,077 incurred during the same period a year prior due to a reduction in overseas travel.

During the year ended January 31, 2016, the Company earned interest income of $46,546 on cash and cash equivalents on hand. This compares to $16,819 earned during the year ended January 31, 2015 when the Company had less cash on hand.

As a result of completing eligible exploration expenditures of $2,281,637 during the year ended January 31, 2016, the Company reduced its outstanding deferred flow-through share premium related to this flow-through financing by $331,292 during the period and recorded this same amount as a flow-through share premium reversal. There was no comparable transaction during the same period a year prior.

During the year ended January 31, 2016 the Company wrote-off exploration and acquisition costs of $298,644 related to Central Canada property which it abandoned in December 2015 when the advance royalty payment became due. There was no comparable transaction during the same period a year prior.

As a result of the foregoing, the Company recorded a comprehensive loss for the year ended January 31, 2016 of $1,273,645 as compared to a loss of $1,862,736 during the same period a year prior.

Selected Annual Information

	Year ended January 31, 2015	Year ended January 31, 2014	Year ended January 31, 2014
Revenue	Nil	Nil	Nil
Loss before Other Items	(1,352,839)	(1,879,555)	(1,151,981)
Per Share	(0.02)	(0.04)	(0.03)
Net Loss	(1,273,645)	(1,862,736)	(1,639,552)
Per Share	(0.02)	(0.04)	(0.05)
Total Assets	$12,001,703	$8,078,635	$4,306,725
Long-Term Liabilities	Nil	Nil	Nil

The net loss for the fiscal year ended January 31, 2015 increased to $1,862,736 from the loss of $1,639,552 incurred during fiscal 2014 due to an increase in share based payment expense, a non-cash item, to $1,055,410 during that period, an increase of $383,988 over the prior year. There was no mineral property write-off during the period, compared to a write-off of $561,177 incurred during the year ended January 31, 2014.

The net loss for the fiscal year ended January 31, 2016 was reduced to $1,273,645 from the loss of $1,862,736 incurred during fiscal 2015 primarily due to a reduction in share based payment expense, a non-cash item, of $622,157 over the prior year.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JANUARY 31, 2016

Operating expenses for the three months ended January 31, 2016 totaled $277,321 as compared to $298,390 incurred during the three months ended January 31, 2015. The significant differences in expenditures were as follows:

Consulting expense increased to $70,829 during the three months ended January 31, 2016 from $34,603 incurred during the same period a year prior due to a resumption in investor presentations and road shows during the current period to discuss results of exploration then underway at the YCG project.

Professional fees were reduced to $12,973 during the three months ended January 31, 2016 from the $15,633 incurred during the same period a year prior due to reduced requirements for legal services following the completion of private placements and a royalty option agreement during the current period.

During the three months ended January 31, 2016 the company incurred $37,903 for share-based payments (a non-cash expense) for stock options granted and vested during the period. This is reduced from share-based payment expense of $122,209 incurred during the same period a year prior when fewer options were granted or vested.

Expenditures for transfer agent, filing fees and shareholder communications increased to $111,972 during the three months ended January 31, 2016 from the $86,786 the Company spent during the same period a year prior due to increased costs during the current period for investor relations activities, road shows, and advertising.

During the three months ended January 31, 2016, the Company earned interest income of $14,296 on cash and cash equivalents on hand. This compares to $2,512 earned during the three months ended January 31, 2015 when the Company had less cash on hand.

As a result of completing eligible exploration expenditures of $503,134 during the three months ended January 31, 2016, the Company reduced its outstanding deferred flow-through share premium related to this flow-through financing by $67,388 during the period and recorded this same amount as a flow-through share premium reversal. There was no comparable transaction during the same period a year prior.

As a result of the foregoing, the Company recorded a comprehensive loss for the three months ended January 31, 2016 of $195,636 as compared to a loss of $295,878 during the same period a year prior.

Summary of Quarterly Results

	Q4-2016	Q3-2016	Q2-2016	Q1-2016	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Net loss ($)	195,636	438,099	202,034	437,876	295,878	358,818	257,666	950,374
Per Share ($)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02

The loss for the second quarter of fiscal 2015 was reduced to $257,666 from the loss of $950,374 incurred during the first quarter primarily due to a reduction in share-based payment expense from $795,217 to $99,594 during the said period.

The loss for the third quarter of fiscal 2015 increased to $358,818 from the loss of $257,666 incurred during the second quarter primarily due to increased expenditures in the third quarter for investor relations presentations, news dissemination and advertising as well as filing fees for the private placement completed during the period.

The loss for the fourth quarter of fiscal 2015 decreased to $295,878 from the loss of $358,818 incurred during the prior quarter primarily due to reduced expenditures for travel and shareholder communications expense during the fourth quarter.

The loss for the first quarter of fiscal 2016 increased to $437,876 from the loss of $295,878 incurred during the prior quarter primarily due to an increase in share-based payment expense, a non-cash item, of $101,686 for additional options granted and vested during the said period as well as increased expenditures for travel and shareholder communications expense.

The loss for the second quarter of fiscal 2016 was reduced to $202,034 from the loss of $437,876 incurred during the first quarter primarily due to a reduction in share-based payment expense from $223,824 to $108,620 during the said period as well as further reduction in the loss due to a flow-through share premium reversal of $100,598 on completion of flow-through eligible exploration expenditures during the said period.

The loss for the third quarter of fiscal 2016 increased to $438,099 primarily due to a write-off of $298,644 with respect to the abandonment of the Central Canada property. This increased loss was partially offset by a flow-through share premium reversal of $163,306 on completion of flow-through eligible exploration expenditures during the said period.

The loss for the fourth quarter of fiscal 2016 decreased to $195,636 from the loss of $438,099 incurred during the third quarter primarily as there was no write-off required during the fourth quarter on the abandonment of mineral claims, an expense of $298,644 during the previous quarter.

Liquidity and Solvency

TerraX is in the development stage and therefore has no regular cash flow. As at January 31, 2016 the Company had working capital of $3,755,150 (excluding the deferred premium on flow-through shares), inclusive of cash and cash equivalents of $3,919,963. This compares to working capital at January 31, 2015 of $2,248,457, inclusive of cash and cash equivalents of $2,486,412.

As at January 31, 2016 the Company had current assets of $4,019,619, total assets of $12,001,703, and total liabilities of $626,987, inclusive of flow-through premium liability of $362,518. The Company has no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $7,840,881 as at January 31, 2016.

The increase in cash and cash equivalents during the year ended January 31, 2016 of $1,433,551 was due to net cash received from the issuance of common shares of $5,148,754 and $1,000,000 in cash received for the sale of an option of a 1% NSR, offset by cash used for mineral property acquisition and exploration of $3,877,839, acquisition of vehicles for $76,976 and cash used by operating activities of $760,388. The increase in cash during the year ended January 31, 2015 of $830,709 was due to net cash received from completion of private placements and the exercise of warrants and options of $4,252,095, offset by cash used for security deposits and mineral property acquisition and exploration of $2,410,730 and cash used by operating activities of $1,010,656.

In June of 2015 the Company completed a private placement with Osisko for $2.5 Million and the sale of an option to acquire an additional 1% NSR to Osisko for $1 Million in cash. TerraX completed additional non-brokered private placements for gross proceeds of $2,732,345 during that same month. In April, 2016 the Company completed an additional private placement of flow-through shares for gross proceeds of $936,200. The net proceeds of these transactions, along with cash on hand, will be sufficient to fund the Company's planned exploration activities through the remainder of fiscal 2017 as well as its general and administrative expenses through the same period. As at the date of this report, the Company has approximately $3.1 Million in cash and cash equivalents.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Commitments

At January 31, 2016 the Company was committed to spend $2,898,508 by December 31, 2016 on eligible exploration and evaluation expenses under flow-through share purchase agreements completed in June 2015. The Company has no commitments for capital expenditures.

Comment

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Going concern

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Related Party Transactions

During the year ended January 31, 2016, $72,000 (2015 - $39,000) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for office rent and administration services provided to the Company.

During the year ended January 31, 2016 the Company paid $808,616 (2015 – $542,956) to a private company in which Joseph Campbell, the President of the Company, and Thomas Setterfield, a director of the Company, are principals, for geologic consulting services incurred on the Company's properties during the current period. In addition, a further $97,629 (2015 – $75,180) was paid to this same private company for consulting services provided during the period.

These transactions were in the normal course of operations and were measured at the exchange amount as agreed to by the related parties.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk
The Company's functional currency is the Canadian dollar. All of its major expenses are transacted in Canadian dollars and the Company maintains all of its cash in Canadian dollars. As such, the Company has no immediate exposure to fluctuations in foreign exchange rates at the present time.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of approximately $39,199 over the course of a year.

Capital Management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	January 31, 2016	January 31, 2015
FVTPL:		
Cash and cash equivalents	$ 3,919,963	$ 2,486,412
Security deposit	70,000	70,000
	$ 3,989,963	$ 2,556,412

Financial liabilities included in the statement of financial position are as follows:

	January 31, 2016	January 31, 2015
Non-derivative financial liabilities:		
Trade payables	$ 80,920	$ 219,447
Due to related parties	163,549	110,024
	$ 244,469	$ 329,471

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2016 and January 31, 2015:

	As at January 31, 2016		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 3,919,963	$ -	$ -

	As at January 31, 2015		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,486,412	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of April 20, 2016.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 67,735,226 common shares issued and outstanding as of April 20, 2016. In addition, there were 6,165,000 incentive stock options and 10,774,879 share purchase warrants outstanding as of April 20, 2016.