

# **IRONSIDE RESOURCES INC.**

(Formerly Papuan Precious Metals Corp.)

**Management's Discussion and Analysis**

**For the Year Ended**

**June 30, 2015**

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# **IRONSIDE RESOURCES INC.** (Formerly *Papuan Precious Metals Corp.*)

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TSX.V: **IRC**

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## **Overview**

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Ironside Resources Inc. ("the Company" or "IRC"), as prepared at October 28, 2015, should be read in conjunction with the audited consolidated financial statements and related notes for the year ended June 30, 2015. This MD&A includes Selected Annual Information for the years ended June 30, 2015 and 2014.

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included in the following MD&A are expressed in Canadian dollars except where noted.

Additional information regarding the Company and its activities is available on SEDAR at [www.sedar.com](http://www.sedar.com), and also on the Company's web site at [www.ironsideresources.com](http://www.ironsideresources.com), or by requesting further information from the Company's head office located in Kelowna, British Columbia, Canada.

## **Forward-Looking Statements**

Statements in this report that are not historically based fact are forward looking statements involving known and unknown risks and uncertainties which could cause actual results to vary considerably. Readers are cautioned not to place undue reliance on forward-looking statements.

## **Description of Business**

IRC is a Canadian company incorporated under the Business Corporation Act of British Columbia. The Company was formed on September 28, 2010 with the amalgamation of Papuan Precious Metals Corp. ("Papuan") and Jalna Minerals Ltd. ("Jalna"). With an effective date of April 20, 2015 the name of the Company was changed from Papuan Precious Metals Corp. to Ironside Resources Inc. Trading under the symbol "PAU.V" on the TSX Venture Exchange commenced on October 1, 2010 and commenced trading under the symbol "IRC" on April 21, 2015.

IRC is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties (exploration and evaluation assets) in Papua New Guinea (PNG) and Saudi Arabia. The Company has a wholly owned subsidiary, Papuan Precious Metals Ltd., located in Port Moresby, PNG. In March of 2015, the Company incorporated Adan Ventures Ltd., a British Virgin Islands corporation in order to facilitate the purchase of the interest in the Wadi Sawawin project in Saudi Arabia. The Company's primary objective is to locate, acquire and evaluate mineral properties and to finance their exploration and potential development by way of joint venture, equity financing, option agreements or by other means.

There are a number of inherent risks and uncertainties related to exploration and development, including, but not limited to: the ability to raise sufficient capital to fund further exploration and development; changes in economic conditions and/or financial markets; increases in input costs; litigation, legislation, environmental and/or other judicial, regulatory, political and competitive factors; technological or operational difficulties, inability to obtain access and/or permits; labour relations matters and economic issues that could materially affect precious metals exploration and mining.

On April 10, 2015, the board of directors approved a resolution to effect a name change of the Company to Ironside Resources Inc. (formerly Papuan Precious Metals Corp.). On April 20, 2015, the Company received TSX Venture Exchange acceptance and officially changed its name to Ironside Resources Inc. The Company's management has made the change to reflect IRC's broader mandate to include the exploration and potential development of base metals in addition to precious metals resources.

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**Liquidity and Capital Resources**

Ironside is an exploration and evaluation company and has yet to determine whether its properties contain mineral resources that are economically viable. The recoverability of the amounts shown for exploration and evaluation assets, including acquisition costs and related exploration and evaluation costs, are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The Company has no significant source of revenue and has certain cash requirements to maintain its mineral property interests and to meet its administrative overhead. Management has determined that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business, and therefore, the annual consolidated financial have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to secure equity, debt or joint venture financing and generate profitable future operations.

The accompanying consolidated financial statements for the years ended June 30, 2015 and 2014 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 Company is actively pursuing joint venture partners and has minimized its exploration activities and over-all operations in an effort to conserve cash until global market conditions improve.

The Company had cash and cash equivalents of \$27,719 as at June 30, 2015 with a negative working capital balance of \$502,002. In the prior year, the Company had cash and cash equivalents of \$902,507 and a positive working capital balance of \$747,082.

Accounts payable and accrued liabilities at June 30, 2015 were \$585,193 compared to \$335,497 as at June 30, 2014. The increase is primarily due to accrued salaries and fees payable to related parties.

**Selected Annual Information (audited)**

<b>For the year ended June 30,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net loss and comprehensive loss	\$ (720,023)	\$ (864,223)	\$ (7,047,382)
Total assets	5,522,146	6,013,977	5,754,980
Total liabilities	585,193	335,497	170,000
Shareholders' equity	4,936,953	5,678,480	5,584,980
Basic and diluted loss per common share	\$ (0.05)	\$ (0.06)	\$ (0.51)

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**Summary of Quarterly Results (unaudited)**

Quarter Ended	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Total assets	\$ 5,522,146	\$ 5,524,998	\$ 5,592,394	\$ 5,725,795
Working capital	(502,002)	81,248	296,778	422,642
Net (loss) for the period	(205,607)	(63,061)	(109,781)	(341,574)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.01)	(0.01)

Quarter Ended	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Total assets	\$ 6,013,977	\$ 5,457,533	\$ 5,535,114	\$ 5,656,098
Working capital	750,008	337,396	445,090	589,666
Net (loss) for the period	(495,089)	(107,397)	(143,772)	(117,964)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

**Overall Performance**

The expenses incurred by the Company are typical of junior exploration and development companies that do not have an established cash flow from mining operations. Changes in these expenditures from quarter to quarter are impacted directly by non-recurring activities or events.

The Company's net and comprehensive loss for the year ended June 30, 2015 was \$720,023 compared to the corresponding previous period loss of \$864,223 in 2014.

Increased expenditures on legal professional fees relate to the spin-out of Pioneer Pacific Finance Corp and the Joint Venture agreement with Juniper Capital. The increased expenditures for public relations and communications were related to the annual and special general meeting. Consulting and management fees were lower in the year due to the termination of the medical marijuana consultant hired in the prior year.

The loss in the year was reduced by a one-time receipt of \$30,340 (us\$24,539) from Kirkwood Oil & Gas, LLC, for the Company's 3.0873% interest of the sale of the property known as Federal 12-12, North Fork Field in McKenzie County, North Dakota, an oil well owned by the North Fork Partnership Leasehold. The asset was originally purchased by a predecessor company, Jalna Resources Limited in 2003 and had been subsequently written off.

**Exploration and Evaluation Assets**

The following table illustrates the Company's exploration licences as at June 30, 2015:

Tenement	Minerals	Ownership	Carrying Value
EL 1566 - New Hanover	Au-Cu	IRC 100%	\$ 4,975,483
Wadi Sawawin	Fe	IRC 25%	408,983
Exploration and evaluation assets			\$ 5,384,466

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**New Hanover:** Located 100 km west of the New Ireland provincial capital of Kavieng on the island of New Hanover, the project encompasses 591.6km<sup>2</sup> under exploration license ("EL") 1566-New Hanover. Early results indicate that New Hanover is geologically related to the highly productive Tabar-Lihir-Feni island chain of alkaline volcanism.

To date, the Company has identified 11 mineral prospects in what are referred to as anomalous areas. Anomalous areas are generally considered as geochemical alteration and geophysical anomalies. Specifically they are defined by either singularly or a combination of panned concentrate, rock geochemistry and altered rock in outcrop. From east to west, the anomalous areas identified thus far at new Hanover are: Baungung, Upper Vuemolong, Metekavil, Metemana, Kuliuta Gold Prospect, Upper Ungat, Upper Saula, Ngamin, Ealing, Upper Anas and Gamagama. Detailed geological mapping, sampling and surveying continue on a select number of the 11 geochemical alteration/geophysical anomalies identified for follow-up.

Field work in 2014 focused on the Metekavil and Metemana anomalous areas located in the Southwest area of the New Hanover property. The program was designed to map the geology, structure and alteration of the two adjacent prospects. A 2 week program focused on mapping and prospecting the following: 2 geochemical anomalies, three geophysical anomalies (NH08, NH09, NH12) and reconnaissance mapping and rock chip sampling. Geochemical rock chip sampling and soil sampling were also planned to ascertain if the two anomalous areas are indeed part of 1 large system. A total of 10 km<sup>2</sup> was covered.

Highlight observations of the 2014 field work were;

- Confirmation that latite flows and associated volcanic lithologies form the basement, host alteration and mineralization for Metakavil and Metamana
- North-West and West-North-West oriented faults are the dominant structural trends and are correlated across the anomalous areas. Alteration is controlled by these structures.
- It is interpreted that reactivated movement on the faults controls the presence of various sulphides and gold in quartz and quartz-carbonite veins including gold, chalcopyrite, bornite, covellite, sphalerite and galena.
- Chalcocite mineralization as fracture-fill and joint plane coverage coats the outcrop faces near the land slide at Randiei creek.
- Propylitic alteration with argillic over-print has a strike length of 6 Km and continues west to the southwest past the shore of the island

A total of 32 rock chip/ channel samples were collected during the 2014 program. Five rock chip samples returned anomalous gold values > 0.1 ppm and 26 rock chip samples returned silver grades >0.1 ppm with 50% of the samples returning silver values >1 g/t. The highest grade gold sample was collected at Rantakiau Creek and yielded 3.37 g/t Au while the highest grade silver sample was collected at Randiei Creek and yielded 29.6 g/t Ag.

A total of 60 soil samples were also collected. Soil samples were taken at 50m intervals covering the ridge separating Metekavil and Metemana. Assays returned from soil sample shows strong silver anomalies but overall low order anomalies in gold and copper. Two distinct silver anomalies with values of > 0.11 g/t Ag in soil were identified. One of the anomalies coincides with the north-west trending Nelipti structural zone while the other is present between the north-west trending Randiei and Metemana fracture system. The Nelipti fracture zone has been mapped at 300m wide over a strike length of more than 800m. The Randiei fracture zone has been mapped at 500m wide over a strike length of 1200m. Both mineralized fracture zones are open ended.

During the limited field program conducted in May of 2015, assay values from extended soil lines sampled from the Meteman-Metekavil copper and gold prospect returned very low order anomalies in Cu and Au. The values were similar to results sampled in 2014 field work. In Cu, only 14/30 samples returned >100 ppm while 16/35 samples returned > 0.01 ppm Au.

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Anomalous Pb and Zn generally ranged between 100 and 300 ppm and coincided with the anomalous Cu and Au values.

Silver (Ag) was generally less than 0.05 ppm.

The best rock chips results from the Lavongai prospects returned 0.25 ppm Au and 0.12% Cu. A 0.16% Zn and 0.2% Pb values coincided with the 0.12% Cu suggesting a base metal rich quartz sulphide vein sampled from argillic altered mozonite outcrop in the Lavongai prospect. Copper and gold values had a strong correlation in the rock chip values. Zn and Pb had a good correlation with Cu values in some instances. Gold in the soils were of low value and generally less than 0.01ppm and interpreted to be from the volcanic cover rock while values greater than 0.1 ppm and coincident high copper values are from outcropping mozonite and monzodiorite intrusion.

**Mt. Suckling:** The Mt. Suckling prospect is situated at the eastern end of New Guinea's Central Range east of Port Moresby on the southwest flanks of Mt. Suckling in Northern Province, PNG. The Company, during the year ended 2013, sold an undivided 90% interest in the Mt. Suckling tenement and retained the remaining 10%. The Company also retains an entitlement to a 2% Net Smelter Royalty ("NSR"). Under the terms of the sale agreement, Suckling Minerals and its directors surrendered 1,068,958 common shares of the Company valued at \$106,896. According to the terms to the sale agreement all shares have been canceled as of September 17, 2015.

On May 28, 2015, Suckling Minerals, under the terms of the sale agreement, notified the Company that they had relinquished their rights to the Mt. Suckling project. On July 27, 2015 the Company relinquished its right to have the Tenement transferred back to the Company.

**Wadi Sawawin:** IRC announced on April 6, 2015, the formation of a Joint Venture ("JV") with Juniper Capital Partners Limited to acquire an interest in the highly strategic Wadi Sawawin Iron Ore project in Saudi Arabia. The JV has acquired London Mining PLC's contractual equity rights to a 25% carried interest of the project which is owned by National Mining Company ("NMC") of Saudi Arabia.

The Company is obligated to provide initial funding to the JV in the amount of US\$375,000 with Juniper and the Company then contributing additional funds to the JV pro-rata so that each partner will provide one-half of the additional funds required by the JV. Juniper has agreed to manage the JV's interests in the project for a minimum of two years. Juniper is a natural resources focused investment and advisory business with offices in Singapore, London and representation in Riyadh.

The Wadi Sawawin property is an advanced-stage iron ore exploration project located in the Northern Hijaz region of the Kingdom of Saudi Arabia. Situated 125km from Tabuk and just 60km from the port of Duba on the Red Sea, the open pit project could supply Saudi Arabia with a domestic source of DRI (direct reduced iron) pellets for use in the DRI steel plants which account for 90 percent of steel production in the Middle East and North Africa region.

NMC holds Exploration licences for each of the Western, Eastern and Al Hamra Blocks and a 30 year Exploitation licence for part of the Western block where the main deposit is located. Within the Western Block, the project hosts Algoma-type Jaspilitic iron ore which forms a bedded deposit in a sequence of volcanoclastic and sedimentary rocks whose primary iron mineral is hematite (Fe<sub>2</sub>O<sub>3</sub>) and secondary iron mineral is magnetite (Fe<sub>3</sub>O<sub>4</sub>).

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**Related Party Transactions**

During the year ended June 30, 2015 the Company identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended June 30, 2015 and 2014 were:

Key management personnel	June 30, 2015	June 30, 2014
Wages and consulting fees paid or payable	\$ 305,000	\$ 300,000
Share-based compensations for options granted	-	38,000
<b>Total</b>	<b>\$ 305,000</b>	<b>\$ 338,000</b>

Share-based payments represent the fair value calculations of options in accordance with *IFRS-2 Share-based Payments granted to key management personnel*.

The following transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

- Included in accounts payable and accrued liabilities at June 30, 2015 is \$351,598 owing to officers and companies controlled by directors/officers for consulting fees (June 30, 2014 - \$ 150,000);

**Outstanding Share Data**

As at October 28, 2015 the Company had 21,346,440 common shares outstanding.

On July 12, 2014, 120,000 incentive stock options with an exercise price of \$2.00 per share expired. Pursuant to the granting and vesting of options issued, total stock based compensation recognized in the consolidated statements of comprehensive loss during year ended June 30, 2015 was \$10,648 (June 30, 2014 – \$235,371). All options are recorded at fair value determined using the Black-Scholes option pricing model for which the following assumptions were used: risk free rate of 1.47%; expected life of 3 years; and annualized volatility of 118.86% and a 0% dividend rate.

As at October 28, 2015, 970,000 options at \$0.25 were outstanding, all being exercisable.

**Private Placement Financings**

On June 24, 2014 the company completed a private placement financing of 1,940,000 units at a price of \$0.40 per unit for gross proceeds of \$776,000. Finder's Fees of \$43,330 were paid in cash and 1,750 shares were issued in lieu of cash. Additionally, other fees of \$8,450 were paid. Each unit consists of one common share plus one-half of a common share purchase warrant, with each whole warrant exercisable to purchase a common share at a price of \$0.60 for a period of 1 year. A value of \$14,533 was attributed to the warrants using relative fair value approach, included in contributed surplus and is determined based on the Black-Scholes pricing model based on the following assumptions: volatility 106.94%; risk free interest 1.56%; expected life 2 years; dividend rate 0%. As of June 30, 2015, 970,000 \$0.60 warrants were outstanding.

On May 8, 2015 the Company entered into an agreement with Ballyliffin Capital Corp. ("Ballyliffin") in relation to a private placement. Pursuant to the terms of the Agreement, Ballyliffin purchased 33,000,000 (6,600,000 post consolidated) common shares of The Company at a price of \$0.025 per Ironside common share (\$0.125 after giving effect to the one for five (1:5) consolidation of the Company's shares) with all of its available net cash reserves except those required to complete the transaction, and pay current and anticipated payables for aggregate consideration of up to approximately \$825,000 in cash.

The Company incurred \$26,862 in deferred financing costs in relation to this transaction.

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**Plan of Arrangement**

The shareholders approved by special resolution an arrangement (the "Plan of Arrangement") under Division 5 of Part 9 of the Business Corporations Act (British Columbia) between the Company, the shareholders of the Company and the Company's wholly-owned subsidiary Pioneer Pacific Finance Corp ("Pioneer"). The Plan of Arrangement received the approval of the Supreme Court of British Columbia on September 19, 2014 and the final approval by TSX Venture Exchange. The Company set September 30, 2014 as the share distribution record with respect to the Plan of Arrangement whereby shareholders acquired one share of Pioneer for every four Company shares held. Pioneer is now a reporting issuer in British Columbia and Alberta, Canada.

**Financial Instruments**

The Company classifies its cash and cash equivalents as held-for-trading. Amounts receivable are classified as loans and receivables, measured at amortized costs. Accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized costs.

**Critical Accounting Estimates**

The preparation of consolidated financial statements in conformity with IAS 3 requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Accounts that require significant estimates as the basis for determining the stated amounts include exploration and evaluation expenditures and share-based payments. The assessment of any impairment of exploration and evaluation assets is based on the estimated recovery of future exploitation or sale where the activities have not reached a stage which permits a reasonable assessment of existence of reserves. Share-based payment expense is calculated using Black-Scholes pricing model which requires significant judgment as to considerations such as stock option lives and stock volatility.

**Significant Accounting Policies**

A summary of the Company's significant accounting policies is included in Note 3 of the audited consolidated financial statements for the year ended June 30, 2015.

**New Standards, Amendments and Interpretations**

The IASB has issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after July 1, 2015. None of the new or revised standards or amendments is expected to have any significant impact to the Company's financial statements.