



**NORTHERNSHIELD**  
RESOURCES INC.

*(A Development Stage Company)*

**Northern Shield Resources Inc.**  
Management Discussion and Analysis  
*for the year ended December 31, 2015*

*Set out below is a review of the activities, results of operations and financial condition of Northern Shield Resources Inc. ("Northern Shield", or the "Company") for the year ended December 31, 2015.*

*The following information should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015. The policies applied in the financial statements are based on International Financial Reporting Standards (IFRSs) issued and effective as at April 26, 2016 for periods ending on or before December 31, 2015.*

*All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at April 26, 2016.*

*The Company is a reporting issuer in British Columbia, Quebec, Alberta and Ontario, and has its head office in Ottawa, Ontario and its registered office in Calgary, Alberta.*

*The Company is incorporated pursuant to the Canada Business Corporations Act and trades on the TSX Venture Exchange under the symbol "NRN" and on the Frankfurt (Germany) Stock Exchange under the symbol "N9S".*

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

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## **1. DESCRIPTION OF BUSINESS**

Northern Shield Resources Inc. (the "Company" or "Northern Shield") is an active junior mining company primarily engaged in the exploration for platinum group element (PGE) and associated metals in Canada. Northern Shield's mission is to create a successful mineral exploration company through technical excellence and efficient management, where success is measured by the identification and development of high-quality mineral exploration projects, which ultimately may be optioned, sold or developed for maximum return on investment.

The Company is focusing its exploration efforts on under-explored regions of northern Ontario and Quebec, as management believes the chances of success in finding significant ore deposits are greatly increased by exploring outside of existing mining camps. The majority of both provinces is underlain by "shield" rocks, a geologic terrain favourable for a variety of mineral deposits including platinum, diamonds, gold and base-metals. The two provinces also possess an attractive economic and investment climate, in particular due to the advent of the "super" flow-through tax structure and relatively advanced infrastructure. On a regional scale, the Company's grass roots exploration strategy is driven by the understanding and interpretation of geological and exploration modeling. That is, what should a deposit look like; where should it form; and what controls its formation or emplacement. The perspective of this model is then adapted to reflect the observed geological environment. The exploration programs that the Company then implements to test these models are a balance between aggressiveness and dynamism, which allows for cost effective exploration yet retains the ability to adapt the exploration programs as the Company's understanding of the target evolves.

The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. See "Cautionary Statement" at the end of this MD&A. This MD&A has been prepared in accordance with the requirements of National Instrument 43-101, "Standards of Disclosure for Mineral Projects", and National Instrument 51-102, "Continuous Disclosure Obligations."

## 2. CORPORATE DEVELOPMENTS

In fiscal year 2015, the Company undertook very limited exploration in order to conserve cash during the continued slump in commodity prices and the overall decline in financing for the junior mining sector in particular.

However, during the year the company found significant and extensive copper-nickel-PGE mineralization on its 100% owned Huckleberry project in the southern Labrador Trough, Quebec, located 90 km north of Schefferville. Of the 147 samples collected from Huckleberry to date by Northern Shield, 98 assay greater than 0.3% Cu with an average grade of 1.0% Cu, 0.2% Ni and 0.72g/t PGE and highs of 14% Cu, 17 g/t PGE+Au and 1.2% Ni. Huckleberry is being explored as a large-scale, segregated magmatic Cu-Ni-PGE deposit. Similar deposits include Kevitsa and Sakatti in Finland, the Duluth Complex, and Noril'sk-Talnakh. The complexity of the geology and segregated nature of the mineralization makes a strong argument for comparison to known giant ore deposits. Partly due to these characteristics, the project is beginning to attract significant attention from companies and geologist involved in Cu-Ni-PGE exploration and mining

On September 23 the Company announced that it has completed a non-brokered private placement (the "Private Placement") of 6,000,000 units ("Units") at a price of \$0.05 per Unit for aggregate gross proceeds of \$300,000. Each Unit is comprised of one common share in the capital of Northern Shield (a "Common Share") issuable on a "flow-through" basis pursuant to the Income Tax Act (Canada) and one half of one Common Share purchase warrant (a "Warrant"). Each whole warrant is exercisable for one Common Share at a price of \$0.075 per share until September 21, 2017.

There were no changes to management or the board of directors during the period.

Subsequent to year end, the Company was able to secure further financing. For details see **4.10 Subsequent Event**.

### 3. MINERAL PROPERTIES



The Company conducts the majority of its exploration in northern Ontario and Quebec.

The Company has not yet determined whether its properties contain economically recoverable mineral reserves. Recoverability is dependent upon the reserve's existence, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from the disposition of the properties. Until such time as it is able to consistently monetize its mineral property holdings, the Company's ability to continue its operations as a going concern is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

#### PRINCIPAL PROPERTIES

<u>PROPERTY</u>	<u>COMMODITIES</u>	<u>INTEREST</u>	<u>NUMBER OF CLAIMS/UNITS/AREA</u>
<b>HUCKLEBERRY</b>	Cu-(Ni-PGE)	100%	37 / - / 28 km <sup>2</sup>
<b>IDEFIX</b>	PGEs, Ni-Cu	100%	NA / 922 / 425 km <sup>2</sup>
<b>STORM</b>	Cu-Zn-Ag	100%	105 / 1,657 / 265 km <sup>2</sup>

#### OTHER PROPERTIES

**BRIAN; VAGABOND; ROQUET SEDEX**

### **3.1 PRINCIPAL PROPERTIES**

#### **3.1.1 HUCKLEBERRY COPPER-NICKEL-PGE**

In July 2014 Northern Shield acquired 37 claims, through staking, covering newly discovered mineralization hosted within a glomeroporphyritic gabbro (GPG) at the southern end of the Labrador Trough about 100 km north of Schefferville. Further exploration has continued locate significant and extensive Cu-Ni-PGE mineralization in several different zones. Of the 147 samples collected from Huckleberry to date by Northern Shield, 98 assay greater than 0.3% Cu with an average grade of 1.0% Cu, 0.2% Ni and 0.72g/t PGE and highs of 14% Cu, 17 g/t PGE+Au and 1.2% Ni.

Huckleberry is being explored as a large-scale, segregated magmatic Cu-Ni-PGE deposit. Similar deposits include Kevitsa and Sakatti in Finland, the Duluth Complex, and Noril'sk-Talnakh. These deposits form when copper-rich fluids segregate from the nickel during unusually slow cooling of the magma. Although the copper-rich portions may be economic on their own, the nickel-rich portion may be contiguous (at depth) with the copper seen on surface or in a separate body.

A government sponsored airborne electromagnetic survey completed over the entire region in the mid 1980's shows a 1.3 kilometre EM conductor exists 150 meters east (down-dip) from the surface mineralization at Huckleberry. The highest sulphide content from the surface samples is approximately 6%, which is insufficient to create an EM conductor. If the EM conductor and surface mineralization are related it suggest sulphide content (mineralization) increases down-dip to the east.

#### ***Title***

The Company currently holds a 100% interest in Huckleberry.

#### ***Q4'15 Update***

No exploration was conducted in the fourth quarter of 2015 though further interpretations were made.

#### ***Historical Exploration***

Northern Shield completed a brief ground program at Huckleberry in the third quarter of 2015. The program was designed to follow up on the discovery of Cu-Ni-PGE mineralization during a reconnaissance of the property in May 2015. At that time, Cu-Ni-PGE mineralization had been observed over a 950-meter strike length in the Western Zone including delineating continuous Cu-Ni-PGE mineralization in the Discovery Zone over a 200-meter strike length.

Of the 147 samples collected from Huckleberry to date by Northern Shield, 98 assay greater than 0.3% Cu with an average grade of 1.0% Cu, 0.2% Ni and 0.72g/t PGE and highs of 14% Cu, 17 g/t PGE+Au and 1.2% Ni. The mineralization is consistently associated with magnetic portions of the gabbro at Huckleberry. The copper mineralization is extensive and observed in multiple zones and geological settings. Nickel and PGEs are commonly associated with the copper mineralization in the Western Zone but not in the Eastern Zone

#### ***Western Copper Zone***

The principal mineralized zone is located in the western portion of the property and includes the Discovery Zone. The Western Copper Zone can be traced for 3 kilometers and the average of 70 samples with greater than 0.3% Cu is 1.1% Cu, 0.2% Ni and 0.87 g/t PGE+Au.. The average of all 51 samples collected from the Discovery Zone is 1.2% Cu, 0.2% Ni and 1.0 g/t PGE+Au.. Significantly, mineralization within the Discovery Zone can now be traced continuously for a strike length of 600 m, an extension of over 400 meters from the previously reported and is up to 100 m wide. Whereas the initial sampling focused on the mineralized glomeroporphyritic gabbro (GPG) due to its conspicuous gossanous habit, the latter phase of exploration focused on a layer of olivine

melagabbro (OMG), which appears to be economically more significant. Initial interpretation suggests the OMG intruded the GPG/anorthosite when the latter was still a crystal mush. The mafic component to the OMG along with chalcopyrite and pyrrhotite then filtered down through the anorthositic crystal mush forming anorthosite glomerocrysts with interstitial clinopyroxene, orthopyroxene and blebs and disseminations of sulphides.

The OMG which is locally more peridotitic in composition appears to form at the base of a layered sequence that intrudes an anorthosite or GPG. The OMG is often seen to be flow-banded. At all locations where the contact of the OMG with the anorthosite/GPG outcrops, it is seen to be mineralized. The OMG is often found in valleys, gullies and topographic depressions due to its lower resistance to erosion.

A large gabbro xenolith (approx. 0.5-1 meter long) hosting semi-massive sulphides was observed at one location in the Discovery Zone at the base of the OMG. A sample of the xenolith assayed 1.17% Ni, 0.83% Cu and 1.08 g/t PGE+Au. The presence of the xenolith indicates that nickel-rich, semi-massive sulphides exist somewhere nearby in the magmatic system. Also of importance is the discovery of a large angular boulder within the property consisting of an anorthosite breccia cemented by chalcopyrite that assayed 4.04% Cu. Coarse bronzite crystals have also formed between the fragments. The fragments of anorthosite that compose the breccia also contain finely disseminated chalcopyrite and are identical to mineralized anorthosite seen elsewhere within the property. Thus the boulder is very likely to originate from within the Huckleberry property and suggests that there is more high-grade copper mineralization yet to be found at Huckleberry.

Also of the significance was the discovery of mineralized metasedimentary xenolith found within the GPG. The white siliceous xenolith appears to be a re-melted shale and contains about 5% chalcopyrite. The xenolith assays 1.6% Cu and 0.97 g/t PGE+Au. The magma that formed the GPG is not likely hot enough to re-melt a shale and thus suggests that somewhere within the property the OMG (which would be hot enough to melt a shale) is in contact with the metasedimentary country rock.

#### Eastern and Other Zone

A further 15 samples were collected in the eastern portion of the property to follow-up on an area of lower grade copper mineralization discovered early this year by Northern Shield. Eleven of the 15 samples assayed greater than 0.3% Cu with an average of 0.92% Cu and a high of 3.6% Cu. The samples were collected at irregular intervals along a 5 kilometer long magnetic trend. The average of 15 other samples with greater than 0.3% Cu from various areas of the property averaged 0.6% Cu, 0.17% Ni and 0.52 g/t PGE+Au

<b>Sample</b>	<b>Cu (%)</b>	<b>Ni (%)</b>	<b>PGE+Au (g/t)</b>
Average of 50 samples over 0.3% Cu from <b>Discovery Zone</b>	<b>1.22</b>	<b>0.21</b>	<b>1.01</b>
Average of 70 samples over 0.3% Cu from <b>Western Zone (including Discovery Zone)</b>	<b>1.10</b>	<b>0.21</b>	<b>0.87</b>
Average of 12 samples over 0.3% Cu from <b>Eastern Zone</b>	<b>0.87</b>	<b>0.14</b>	<b>0.11</b>
Average of 15 samples over 0.3% Cu from <b>Other Zones</b>	<b>0.63</b>	<b>0.17</b>	<b>0.52</b>

*Table 1: Average assays results from various mineralized zones from grab sampling programs at Huckleberry*

The high Cu:Ni ratios in the mineralization found on surface at Huckleberry is indicative of a segregated deposit whereby the copper has separated from the nickel. As such, Huckleberry is being explored as a large-scale, segregated magmatic Cu-Ni-PGE deposit. Similar deposits include Kevitsa and Sakatti in Finland, the Duluth Complex, and Noril'sk-Talnakh. These deposits form when copper-rich fluids segregate from the nickel during unusually slow cooling of the magma. A magma can only cool so slowly if it is part of a very large magma chamber or if there is constant influxes of fresh hot magma. Either method has very positive implications for the presence of large scale Ni-Cu-PGE mineralization. Although the copper-rich portions may be economic on their own, the nickel-rich portion may be contiguous (at depth) with the copper seen on surface or in a separate body. However, the discovery of a large xenolith hosting nickel-bearing semi-massive sulphides suggests that the nickel-rich portion may lie underneath or nearby in the conduit system.

Geological observations indicate the magmatic history of the host rocks to the mineralization at Huckleberry to be dynamic, violent, episodic and long-lived. These are common characteristics of many giant Cu-Ni-PGE deposits. The evidences are the presence of: 1) various magmatic breccias throughout the intrusion; 2) flow-banding in some of the ultramafic layers; 3) multiple phases of mineralization; 4) a variety of mineralized host rocks; 5) xenoliths, including mineralized metasedimentary country rock and nickel-rich semi-massive sulphides; and 6) sulphide globules.

Over a very short period of time, Northern Shield has discovered extensive Cu-Ni-PGE mineralization at Huckleberry. The complexity of the geology and segregated nature of the mineralization makes a strong argument for comparison to known giant ore deposits. A more comprehensive follow-up ground program is recommended to better further define the mineralization of the Huckleberry Property as well as an airborne EM survey.

### 3.1.2 IDEFIX –PGEs

The Idefix property currently consists of 46 covering 20 square kilometers. The property is being explored for PGEs and Ni-Cu-PGEs hosted by a differentiated gabbronorite sill.

#### **Title**

The Company holds 100% ownership of the Idefix property.

On May 5, 2012 the Company signed an Option and Joint Venture Agreement with Impala Platinum Holdings Limited of South Africa (“Impala”) allowing Impala to earn a 50% interest in Idefix by making cash payments to Northern Shield totaling \$300,000 over two years and incurring \$3.2 million in exploration expenditures at Idefix or the surrounding area over three years, with total expenditures of \$1,950,000 committed for the first two years. Impala had the right to also earn a 50% interest in up to two additional “designated properties” within an agreed upon area of mutual interest in Quebec by incurring a further \$1.25 million of expenditures per additional property. For budgetary reasons Impala elected not to pursue the option at Idefix and never earned an interest in the property.

#### **Q4'15 Update**

No exploration was undertaken at Idefix during the fourth quarter of 2015.

#### **Historical Exploration**

A two-day reconnaissance of the Idefix property was conducted in early September 2011. Twenty-five rock samples were collected from the property of which twenty-one were from the mafic-ultramafic sill with four coming from the country rock. These results led to the option agreement signed with Impala Platinum Holdings Limited in May 2012.

The original focus at Idefix was for reef-type PGE mineralization after the discovery of significant and extensive PGE mineralization in 2012 along a gabbronorite escarpment with grades up to 16 g/t Pt+Pd at a ratio of 1:3. Significant new PGE mineralization was discovered 900 meters immediately south of the Idefix Ridge at La Colline in 2013. At this location, 41 of 92 surface samples collected over an outcrop measuring approximately 220 meters by 50 meters assayed over 1 g/t Pt+Pd+Au. This includes a zone defined by 34 continuous sawn channel samples which average 1.4 g/t Pt+Pd+Au, 0.28% Cu and 0.1% Ni over 31.35 meters within which there is a higher grade zone averaging 1.9 g/t Pt+Pd+Au, 0.38% Cu and 0.13% Ni over 15.85 meters (see Tables 1 and 2). Also of significance are several grab sample collected 900 meters east of Idefix Ridge which assayed 11.1 g/t PGE+Au (4.6 g/t Pt, 3.8 g/t Pd, 2.7g/t Au) and 0.92% Cu and 2.8 g/t PGE+Au (1.3 g/t Pt, 1.1 g/t Pd, 0.4 g/t Au) and 0.26% Cu This occurrence differs from others within the Idefix property as it has a 1:1 Pt:Pd ratio (compared to a 1:3 Pt:Pd ratio found along the Idefix Ridge). This discovery is suggestive of yet another PGE zone, or perhaps reef, on the eastern side of Idefix, which has seen very little exploration in the past.

In 2013, fourteen drill-holes totaling 1501 meters were completed at Idefix. Drilling did not intercept similar grades of PGEs as seen on surface but did prove the existence of reef type mineralization (*senso stricto*) averaging 0.2-0.4 g/t PGE over 16-34 meters widths (see table 3) that can be traced continuously for 3.5 km and intermittently for a further 3.5 km. Of the 1614 samples collected at Idefix, 934 assays greater than 0.1 g/t PGE+Au. This highlights the significant enrichment of PGE at Idefix.

However, the presence of large Ni-Cu-PGE bearing sulphide globules seen in nearly every drill hole completed along the Idefix Ridge points to the possible existence of massive magmatic sulphides, perhaps similar to Noril'sk-type model.

Based on analysis with a hand-held XRF analyzer, these globules average 3-5% Ni, 2-3% Cu and over 20 g/t Pd. Globules form from bubbles of then liquid sulphide being transported away from a pool of massive sulphide by an injecting pulse of magma during the formation of the sill; somewhat akin to a pebble being transported down-stream in a river. Globules are dense and fragile and research has shown that they travel very short distances, typically on the order of a few hundred metres. Thus it can be concluded from this information alone, that at the time of formation of the Idefix Gabbro sill, a pool of liquid sulphide (massive sulphide) existed nearby with high grades of Ni, Cu and PGE. The uncertainties are: 1) does the massive sulphide still exist or did the pulse of magma that formed the Idefix gabbro completely destroy the pool of massive sulphide and 2), if the massive sulphide still exists, where is it located relative to the drill-holes. These globules are also very similar to those seen adjacent to the massive sulphides at Noril'sk.

The possible existence of massive sulphides is supported by the geochemical signatures of the Ni-Cu-PGE mineralization seen at La Colline. The mineralization at La Colline was first thought to be a continuation of the reef-type mineralization seen in drill-core along the Idefix Ridge. However, La Colline does not possess the same reef-type signature as seen along the ridge but instead has a signature more commonly attributed to massive sulphides. Hence, it is interpreted that the disseminated mineralization at La Colline represents the fringe of a massive sulphide lens that extends northwards and located about 400 meters east of the Idefix Ridge. This is supported by a north-south magnetic anomaly that underlies this area



**Table 1: La Colline Continuous Channel Sample**

Sample	Sample type	Interval (m)	Ni (%)	Cu (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	Pd+Pt+Au (g/t)
		<b>31.35</b>	<b>0.10</b>	<b>0.28</b>	<b>1.01</b>	<b>0.33</b>	<b>0.06</b>	<b>1.41</b>
<i>including</i>		<b>15.8</b>	<b>0.13</b>	<b>0.38</b>	<b>1.41</b>	<b>0.45</b>	<b>0.09</b>	<b>1.94</b>
		<i>composed of the following intervals</i>						
421062	channel	1.5	0.07	0.17	0.45	0.16	0.03	0.64
421063	channel	1.7	0.11	0.29	0.89	0.29	0.07	1.25
421064	channel	0.7	0.08	0.17	0.46	0.17	0.04	0.67
421065	channel	0.9	0.12	0.34	1.20	0.38	0.09	1.67
421066	channel	1.2	0.07	0.16	0.46	0.19	0.04	0.68
421067	channel	1.0	0.07	0.16	0.74	0.30	0.05	1.09
421068	channel	1.0	0.02	0.07	0.34	0.08	0.02	0.43
421069	channel	0.45	0.01	0.00	0.00	0.00	0.00	0.01
421070	channel	1.0	0.05	0.14	0.21	0.07	0.02	0.30
421071	channel	1.0	0.05	0.17	0.52	0.18	0.05	0.74
421072	channel	0.6	0.09	0.26	0.85	0.28	0.07	1.20
421073	channel	1.0	0.08	0.17	0.70	0.23	0.04	0.97
421074	channel	1.0	0.08	0.25	1.08	0.32	0.07	1.47
421075	channel	0.7	0.13	0.35	1.24	0.48	0.10	1.82
421076	channel	1.0	0.11	0.26	1.46	0.47	0.08	2.01
421077	channel	0.3	0.16	0.51	2.72	0.80	0.16	3.68
421078	channel	1.1	0.17	0.46	1.77	0.54	0.10	2.41
421079	channel	0.8	0.13	0.33	1.18	0.41	0.07	1.66
421080	channel	1.0	0.21	0.68	1.94	0.64	0.13	2.71
421081	channel	1.0	0.19	0.57	2.08	0.62	0.11	2.80
421082	channel	1.0	0.11	0.27	0.97	0.31	0.05	1.33
421083	channel	0.7	0.17	0.52	1.63	0.48	0.11	2.22
421084	channel	0.9	0.14	0.41	1.33	0.42	0.08	1.83
421085	channel	0.8	0.14	0.44	1.46	0.50	0.12	2.08
421086	channel	0.9	0.14	0.45	1.54	0.50	0.11	2.14
421087	channel	0.8	0.09	0.23	0.92	0.29	0.05	1.25
421088	channel	1.0	0.10	0.22	1.44	0.45	0.07	1.96
421089	channel	0.7	0.14	0.40	1.19	0.46	0.08	1.73
421090	channel	1.0	0.11	0.29	1.00	0.34	0.09	1.43
421091	channel	1.1	0.10	0.31	1.09	0.34	0.06	1.49
421092	channel	0.6	0.07	0.15	0.65	0.28	0.03	0.96
421093	channel	0.9	0.05	0.11	0.48	0.16	0.02	0.66
421094	channel	1.1	0.07	0.19	0.66	0.23	0.05	0.94
421095	channel	0.9	0.08	0.24	0.81	0.29	0.05	1.15

**Table 2: Other Significant Samples from La Colline**

Sample	Sample type	Length (m)	Ni (%)	Cu (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	Pd+Pt+Au (g/t)
421041	grab	n/a	0.10	0.31	0.83	0.26	0.03	1.1
421043	grab	n/a	0.09	0.43	2.09	0.58	0.09	2.8
421046	grab	n/a	0.07	0.62	1.71	0.46	0.09	2.3
421048	grab	n/a	0.04	0.12	1.88	0.57	0.09	2.5
421051	grab	n/a	0.06	0.31	1.45	0.29	0.08	1.8
421052	grab	n/a	0.04	0.16	0.77	0.26	0.03	1.1
421053	grab	n/a	0.07	0.25	0.94	0.48	0.04	1.5
421054	grab	n/a	0.07	0.28	1.03	0.37	0.04	1.4
421099	grab	n/a	0.03	0.21	1.18	0.32	0.07	1.6
421100	grab	n/a	0.12	0.41	1.53	0.49	0.07	2.1
421104	grab	n/a	0.04	0.12	1.11	0.32	0.03	1.5
421105	grab	n/a	0.05	0.18	0.92	0.34	0.04	1.3
421108	channel	1.0	0.05	0.30	1.30	0.38	0.06	1.7
421109	channel	1.0	0.15	0.50	1.34	0.54	0.06	1.9
421111	channel	1.0	0.13	0.52	1.32	0.52	0.09	1.9
421112	channel	1.0	0.11	0.40	0.99	0.38	0.05	1.4
LT13-2012A	grab	n/a	0.25	0.73	2.05	0.46	0.22	2.7
LT13-7040A	grab	n/a	0.11	0.31	2.21	0.67	0.09	3.0
LT13-7041A	grab	n/a	0.03	0.38	1.30	0.41	0.16	1.9

**Table 3: PGE Intersections from Drill-holes**

Drill Hole	From (m)	To (m)	Interval (m)	Pd (g/t)	Pt (g/t)	Au (g/t)	Pd+Pt+Au (g/t)
<b>13ID-01</b>	<b>27</b>	<b>47</b>	<b>20.0</b>	<b>0.29</b>	<b>0.09</b>	<b>0.02</b>	<b>0.40</b>
<i>including</i>	28	29	1.0	0.44	0.18	0.03	0.65
<b>13ID-02</b>	<b>34</b>	<b>58</b>	<b>24.0</b>	<b>0.19</b>	<b>0.06</b>	<b>0.01</b>	<b>0.26</b>
<i>including</i>	34	35	1.0	0.64	0.22	0.04	0.90
<b>13ID-03</b>	<b>28</b>	<b>48</b>	<b>20.0</b>	<b>0.22</b>	<b>0.08</b>	<b>0.01</b>	<b>0.31</b>
<b>13ID-04</b>	<b>24</b>	<b>41</b>	<b>17.0</b>	<b>0.21</b>	<b>0.07</b>	<b>0.03</b>	<b>0.31</b>
<i>including</i>	34	35	1.0	0.63	0.20	0.34	1.18
<b>13ID-05</b>	<b>35</b>	<b>52</b>	<b>17.0</b>	<b>0.26</b>	<b>0.08</b>	<b>0.02</b>	<b>0.35</b>
<i>including</i>	35	36	1.0	0.48	0.16	0.02	0.67
<b>13ID-06</b>	<b>29</b>	<b>46</b>	<b>17.0</b>	<b>0.25</b>	<b>0.08</b>	<b>0.02</b>	<b>0.36</b>
<i>including</i>	30	33	3.0	0.49	0.16	0.03	0.68
<b>13ID-07</b>	<b>21.3</b>	<b>25</b>	<b>3.7</b>	<b>0.31</b>	<b>0.10</b>	<b>0.01</b>	<b>0.42</b>
<i>including</i>	24	25	1.0	0.57	0.18	0.02	0.77
<b>13ID-08</b>	<b>29</b>	<b>70</b>	<b>31.0</b>	<b>0.1</b>	<b>0.03</b>	<b>0.1</b>	<b>0.14</b>
<b>13ID-09</b>	<b>69.5</b>	<b>71</b>	<b>1.5</b>	<b>1.11</b>	<b>0.34</b>	<b>0.06</b>	<b>1.50</b>
<b>13ID-09</b>	<b>78</b>	<b>97</b>	<b>19.0</b>	<b>0.15</b>	<b>0.05</b>	<b>0.01</b>	<b>0.21</b>
<b>13ID-10</b>							
<b>13ID-11</b>	<b>28.5</b>	<b>43</b>	<b>14.5</b>	<b>0.18</b>	<b>0.06</b>	<b>0.01</b>	<b>0.25</b>
<b>13ID-12</b>	<b>47</b>	<b>49</b>	<b>2.0</b>	<b>0.35</b>	<b>0.12</b>	<b>0.01</b>	<b>0.48</b>
<b>13ID-13</b>	<b>111</b>	<b>145</b>	<b>34.0</b>	<b>0.24</b>	<b>0.08</b>	<b>0.01</b>	<b>0.34</b>
<b>13ID-14</b>	<b>11.2</b>	<b>12.2</b>	<b>1.0</b>	<b>0.46</b>	<b>0.14</b>	<b>0.01</b>	<b>0.61</b>

**Table 4: Significant Assays from Idefix Ridge**

Sample	Sample type	Length (m)	Ni (%)	Cu (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	Pd+Pt+Au (g/t)
LT13-3029A	grab	n/a	0.42	1.31	10.60	5.52	0.35	16.5
LT13-5025A	grab	n/a	0.18	1.66	10.45	3.52	0.45	14.4
LT13-3030A	grab	n/a	0.13	0.57	4.03	0.87	0.21	5.1
421019	channel	1.0	0.11	0.38	2.91	0.72	0.08	3.7
421008	channel	1.0	0.09	0.25	2.61	0.99	0.49	4.1
LT13-8114A	grab	n/a	0.03	0.41	1.85	1.70	0.44	4.0
421026	channel	1.0	0.07	0.24	1.53	0.45	0.08	2.1
421089	channel	1.0	0.14	0.40	1.19	0.46	0.08	1.7
LT13-3071A	grab	n/a	0.03	0.08	0.77	0.79	0.01	1.6
421047	grab	n/a	0.11	0.19	1.19	0.37	0.06	1.6
LT13-2011A	grab	n/a	0.05	0.21	1.08	0.41	0.07	1.6
421025	channel	1.0	0.03	0.23	1.17	0.22	0.03	1.4
421023	channel	1.0	0.07	0.32	1.00	0.28	0.08	1.4
LT13-8111A	grab	n/a	0.05	0.13	0.96	0.25	0.04	1.3
421020	channel	1.0	0.05	0.15	0.81	0.22	0.03	1.1

### **3.1.4 STORM CLAIM GROUP (TEMPEST PROPERTY) – COPPER-ZINC-SILVER**

The Storm Claim Group was staked after the discovery of significant copper-zinc-silver VMS mineralization at Wabassi in 2011. The only remaining Claim block at Storm is Tempest.

#### ***Title***

The Company holds 100% ownership of all the Tempest Property.

On November 15, 2012 the Company entered into a royalty option agreement with Callinan Royalties Corporation (“Callinan”) whereby Callinan paid the Company \$300,000 to acquire a royalty option on one of the six Storm properties of its choosing. The royalty option allows Callinan to acquire a 1% Net Smelter Returns royalty by paying the Company \$2 million at any time up to the later of five years or the mine development stage. The Company will also grant to Callinan a Right of First Refusal on the sale of any other royalties on the Storm property group owned by the Company.

The Company granted Great Lakes a First Right of Refusal on the Storm Property pursuant to the Wabassi purchase and sale agreement in June 2014.

#### ***Q4’15 Update***

No exploration was undertaken at Tempest during the fourth quarter of 2015.

#### ***Historical Exploration***

In 2011, a 7,200 line-kilometer airborne VTEM survey was completed over the newly acquired claims at Wabassi and the Storm Claim Group. The survey identified the presence of 20 electromagnetic conductors on the Tempest property alone with several other conductors occurring on the neighboring Typhoon property.

In October, 2011 the Company conducted the first drilling at Tempest which resulted in the discovery of VMS-type mineralization at Tempest including the intersection of 19 g/t Ag over 104.2 meters in drill-hole 11TP-02. The silver mineralization is associated with stringer, semi-massive and massive sulphides dominated by pyrite and pyrrhotite and hosted by intensely altered volcanic rocks commonly observed on the flanks of or capping copper-zinc VMS deposits. The top portion of the target appears to have undergone supergene enrichment, a beneficial weathering process not often observed in Canada.

During the early summer of 2012 the Company completed a six drill-hole, 2,100-meter drill program at Tempest. The program was designed to follow-up from 2011 drill results at the tempest 1 Target and test several regional targets within the property.

Drill-holes 11TP-01 extension, 12TP-04 and 07 were completed on the Tempest 1A anomaly; 12-TP-08 was completed on the 1B anomaly immediately adjacent to 1A and 12TP-05 and 06 tested two other VTEM anomalies within the property.

Drill-hole 11TP-01 was extended a further 120 meters in the drill program to test a down-hole geophysical target that was identified beyond the end of hole as completed last year. The drill-hole intersected 1 meter of 3% Zn and 16.7 meters of 29.6 g/t Ag including 66.5 g/t Ag over 5.74 meters and 157 g/t Ag over 2 meters. This intersection is located approximately 260 meters down-dip from where 11TP-02 intersected 104 meters of 19 g/t Ag last year and the continuity of this zone will be further tested in future drilling.

Drill-hole 12TP-07 intersected a first zone of 4.4 g/t Au and 36.2 g/t Ag between 127.1 and 131.1 meters including 12.4 g/t Au and 69.4 g/t Ag over one meter, and a second zone of 3.8 g/t Au over 1.6 meters between 143.25 and 144.83 meters. The gold mineralization is hosted in a silicified zone with minor quartz veining and associated with trace (less than 0.5%) sulphides. Such small amounts of sulphides not only make the mineralized zone very subtle but suggest the gold and silver may be in native form. Sampling has been undertaken on similar intervals from other holes at

Tempest that may have been overlooked during the initial logging due to their inconspicuous nature. Drill results from last year suggest that gold is higher in the zone of supergene enrichment that caps the Tempest 1 target compared to the same rocks below it. Future drilling will test this new gold zone where it projects into the supergene cap.

Drill-hole 12TP-08 intersected short intervals of significant silver mineralization and contained elevated zinc hosted in a thick sequence of rhyolite. The geology, geochemistry and alteration are indicative of close proximity to VMS-type mineralization. Down-hole geophysics will be conducted on this hole when exploration continues after break-up to vector in on the target during follow-up drilling.

While no significant assays are reported for drill-holes 12TP-05 and 06, both holes intersected sulphides. Drill-hole 12TP-06 intersected sulphides, alteration and rock-types typical of gold and VMS bearing greenstone regions. A review of the assay data was made by Dr. Jim Franklin who concluded that the chemistry of drill-hole 12TP-06 was highly indicative of a Matagami-type VMS occurrence and encouraged further evaluation of this target. Down-hole geophysics shows an off-hole conductor at the same level of the intrusive rocks. Further drilling is currently being planned for the fall to continue to test Tempest 1 and other targets within the property

Approximately 40 grains of visible gold, hosted in a laminated quartz vein, were observed in the drill core from a short interval near the top of drill-hole 12TP-12 and assayed 134.5 g/t Au (4.3 ounces/tonne) from 65.45 m to 65.78 m and 58 g/t Au (1.9 ounces/tonne) from 65.78 m to 65.93 m. The same drill-hole also intersected 50.43 meters of 32.6 g/t Ag from 231.85 to 282.28 followed by a second 7.2 meter zone from 294.05 to 301.25 assaying 29.7 g/t Ag. The first zone included a 1.1 meter interval assaying 537 g/t Ag (17.3 ounces/tonne) and 0.82 g/t Au.

## 4. FINANCIAL UPDATE

The Company's financial success is dependent upon the discovery of properties that could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is dependent upon factors beyond its control. The Company is not aware of any trends, uncertainties, demands, commitments, or events affecting Northern Shield in particular and not all junior mining companies, which are reasonably likely to have a material effect on the Company's capital resources or that would cause reported financial information not necessarily to be indicative of future operating results.

### 4.1 Operational Results

The level of operational expenditures is related to the financing and exploration activities that are being conducted by the Company, which in turn may depend on the Company's recent exploration experience and prospects, as well as the general market conditions relating to the availability of funding for exploration-stage resource companies. Consequently, the Company does not acquire properties or conduct exploration work on a pre-determined basis and, as a result, there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

The Company has no operating revenue to date as its mineral properties are all in the exploration and analysis stage.

The Company incurred a comprehensive loss of \$3,643,542 for the year ended December 31, 2015 (2014 - \$4,495,426).

#### 4.1.1 MINERAL PROPERTY ACTIVITIES

	Storm	Idefix	Ikertoq	Huckleberry	Highbank Lake	Wabassi	Max	Other Properties	Total
December 31, 2013 Balance	\$ 3,496,410	\$ 13,565	\$ 1,835,306	\$ -	\$ 500,000	\$ 1,696,893	\$ 250,000	\$ 144,670	\$ 7,936,844
<b>Expenditures</b>									
Acquisition:	\$ 765	\$ 12,510	\$ -	\$ 4,181	\$ -	\$ 765	\$ -	\$ 47,849	\$ 66,070
Exploration:									
Sample Analysis	\$ (747)	\$ -	\$ 477	\$ 1,464	\$ -	\$ 3,978	\$ -	\$ 20,498	\$ 25,670
Airborne Geophysics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ground Geophysics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,752	\$ -	\$ -	\$ 7,752
Geology Remuneration	\$ 4,618	\$ 29,865	\$ 8,971	\$ 7,770	\$ -	\$ 40,314	\$ 846	\$ 59,190	\$ 151,575
Drilling/Sampling	\$ -	\$ -	\$ 40,500	\$ -	\$ -	\$ 37,388	\$ -	\$ 9,897	\$ 87,785
Mob/Demob	\$ 12,090	\$ (4,380)	\$ 119,941	\$ 49,455	\$ -	\$ 58,487	\$ -	\$ 132,250	\$ 367,843
Travel/Accom	\$ 1,466	\$ -	\$ -	\$ 15,956	\$ -	\$ 527	\$ -	\$ 44,048	\$ 61,997
<b>Total Exploration</b>	<b>\$ 17,428</b>	<b>\$ 25,485</b>	<b>\$ 169,889</b>	<b>\$ 74,645</b>	<b>\$ -</b>	<b>\$ 148,446</b>	<b>\$ 846</b>	<b>\$ 265,883</b>	<b>\$ 702,622</b>
<b>Total Property Expenditures</b>	<b>\$ 18,193</b>	<b>\$ 37,995</b>	<b>\$ 169,889</b>	<b>\$ 78,826</b>	<b>\$ -</b>	<b>\$ 149,211</b>	<b>\$ 846</b>	<b>\$ 313,732</b>	<b>\$ 768,692</b>
External Funding	\$ (25,000)	\$ (37,995)	\$ -	\$ -	\$ -	\$ (1,368,460)	\$ (100,000)	\$ -	\$ (1,531,455)
Expensed Exploration & Property Write-Down	\$ (872,400)	\$ -	\$ (1,755,195)	\$ -	\$ (500,000)	\$ -	\$ (136)	\$ (337,259)	\$ (3,464,990)
Loss on Disposal of Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (477,644)	\$ (150,710)	\$ -	\$ (628,354)
December 31, 2014 Balance	\$ 2,617,203	\$ 13,565	\$ 250,000	\$ 78,826	\$ -	\$ -	\$ -	\$ 121,143	\$ 3,080,737
<b>Expenditures</b>									
Acquisition:	\$ -	\$ 15,672	\$ -	\$ 2,280	\$ -	\$ -	\$ -	\$ (12,708)	\$ 5,244
Exploration:									
Sample Analysis	\$ -	\$ 199	\$ -	\$ 14,222	\$ -	\$ -	\$ -	\$ 402	\$ 14,823
Airborne Geophysics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ground Geophysics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Geology Remuneration	\$ 550	\$ 9,175	\$ 4,353	\$ 45,950	\$ -	\$ -	\$ -	\$ 35,504	\$ 95,532
Drilling/Sampling	\$ -	\$ -	\$ -	\$ 3,300	\$ -	\$ -	\$ -	\$ -	\$ 3,300
Mob/Demob	\$ 31,858	\$ 2,915	\$ (2,225)	\$ 86,496	\$ -	\$ -	\$ -	\$ 1,149	\$ 120,193
Travel/Accom	\$ -	\$ -	\$ -	\$ 29,981	\$ -	\$ -	\$ -	\$ 1,896	\$ 29,877
<b>Total Exploration</b>	<b>\$ 32,408</b>	<b>\$ 12,289</b>	<b>\$ 2,128</b>	<b>\$ 173,949</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,941</b>	<b>\$ 259,715</b>
<b>Total Property Expenditures</b>	<b>\$ 32,408</b>	<b>\$ 27,961</b>	<b>\$ 2,128</b>	<b>\$ 176,229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,233</b>	<b>\$ 264,959</b>
External Funding	\$ 51,200	\$ (41,526)	\$ (25,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,326)
Expensed Exploration & Property Write-Down	\$ (2,700,811)	\$ -	\$ (227,128)	\$ -	\$ -	\$ -	\$ -	\$ (133,023)	\$ (3,060,962)
December 31, 2015 Balance	\$ -	\$ -	\$ -	\$ 255,055	\$ -	\$ -	\$ -	\$ 14,353	\$ 269,408

As at December 31, 2015, the Company's resource asset carrying value was \$269,408 (2014 - \$3,080,737).

Gross exploration expenditures were \$264,959 for the year ended December 31, 2015 (2014 - \$768,692).

The Company incurred \$38,941 worth of prospecting activity during the year ended December 31, 2015 (2014 - \$337,395).

#### 4.1.2 ADMINISTRATIVE ACTIVITIES

General and administrative expenses of \$771,877 were incurred during the year ended December 31, 2015 (2014 - \$1,054,698).

The details of the comparative amounts for the years ended December 31, 2015 and 2014 are summarized in the following table:

	2015	2014	Change	as %
Remuneration and consulting fees	\$ 361,216	\$ 506,252	(145,036)	-29%
Share-based compensation	-	9,500	(9,500)	-100%
Office expenses	248,488	270,621	(22,133)	-8%
Travel expenses	50,877	79,666	(28,789)	-36%
Marketing expenses	56,866	66,841	(9,975)	-15%
Professional fees	31,390	101,566	(70,176)	-69%
Public company expenses	27,914	31,145	(3,231)	-10%
Insurance expenses	19,126	27,337	(8,211)	-30%
	<b>\$ 795,877</b>	<b>\$ 1,092,928</b>	<b>(297,051)</b>	<b>-27%</b>
General and administrative recovery	<b>(24,000)</b>	<b>(38,230)</b>	<b>14,230</b>	<b>-37%</b>
	<b>\$ 771,877</b>	<b>\$ 1,054,698</b>	<b>(282,821)</b>	<b>-27%</b>

- Remuneration expense has declined due to staff reductions.
- Share-based compensation is nil because no option grants have been made since 2012.
- Office expenditures declines modestly as business activity lower.
- Administrative travel costs declined due to decreased marketing activities.
- Marketing costs dropped as trade show attendance has been cut back in 2015.
- Professional fees were lower in 2015 due to very little transactional activity.
- Public Company expenses reduced because of limited market activity.
- Annual insurance rates reduced as the Company's experience with insurers lengthens without claims.

## 4.2 SUMMARY OF QUARTERLY RESULTS

The following table sets forth financial information for the Company's recently completed quarters:

	2015			
	Mar 31	Jun 30	Sep 30	Dec 31
Total Revenues	-	-	-	-
G & A Expense	\$238,597	\$162,955	\$192,783	\$177,542
Expensed Exploration*	\$4,193	\$22,345	\$402	\$3,034,022
(Loss)/Income for the period	(\$242,790)	(\$185,300)	(\$56,863)	(\$3,158,589)
Basic and diluted loss per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.02)

	2014			
	Mar 31	Jun 30	Sep 30	Dec 31
Total Revenues	-	-	-	-
G & A Expense	\$246,353	\$300,789	\$198,118	\$309,438
Expensed Exploration*	\$17,820	\$117,450	\$201,473	\$3,128,247
(Loss)/Income for the period	(\$264,173)	(\$1,182,340)	(\$399,591)	(\$2,649,322)
Basic and diluted loss per share	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.01)

\* including write-downs of previously capitalized property expenditures

## 4.3 Liquidity

The Company is presently exploring its projects for economically viable mineral deposits. None of the Company's projects are yet in production and consequently do not produce revenue. The Company currently funds all operations with its working capital. At April 26, 2015, the Company had working capital of approximately \$150,000.

At December 31, 2015 the Company had negative working capital of \$89,871 (2014 – positive working capital of \$528,983).

## 4.4 Capital Resources

At December 31, 2015, the Company was not involved in any agreements for which it had commitments to satisfy any expenditure requirements.

## 4.5 Acquisitions and Dispositions of Resources Properties and Write-offs

During the year, the Company charged write-downs to various properties totaling \$3,022,021 (2014 - \$3,127,595). The details are as follows:

- The Company determined that it would abandon its Ikertoq property. Initially the Company hoped to find another party to take over the property but after no such party was found, the decision to abandon it was made. A charge was taken of \$227,128.
- A variety of small stakeholdings (within "Other Properties") were also deemed not prospective enough to continue exploration work on. These were written off and the Company took a charge of \$94,082.
- The Company decided that it would no longer actively pursue work on its Storm property. Storm is still considered to have significant potential and therefore selling the property to another party is a reasonable expectation. The Company does not have sufficient justification to ascribe any particular value to the property so the balance of \$2,700,811 was written down.

The Company added claims to its Huckleberry property during the year.

#### 4.6 Related Party Transactions

The Company incurred legal fees with a law firm at which one of the Company's directors is a partner and the Company's corporate secretary is an associate. All transactions were made on terms equivalent to those that prevail in arm's length transactions.

	2015	2014
Fees incurred during the year	\$ 5,306	\$ 66,024
Amounts payable as at year-end	\$ -	\$ 8,141

#### 4.7 Significant Accounting Estimates

The preparation of these annual consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;
- impairment of non-financial assets;
- the estimated useful lives of property, plant and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss;
- the inputs used in accounting for share-based compensation expense in the consolidated statement of comprehensive loss;
- the inputs used in determining the various commitments and contingencies accrued in the consolidated statement of financial position; and
- the inputs used in accounting for warrant value associated to reserves.

#### 4.8 Financial Instruments

The fair value of the Company's cash, unbilled receivables, amounts receivable, and accounts payable and accrued liabilities approximates their carrying amount due to the short-term nature of these instruments.

#### 4.9 Internal Controls Over Financial Reporting

During the three-month period ended June 30, 2015, there have been no changes in the design of the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

#### 4.10 Subsequent Event

On April 12, 2016, the Company completed a non-brokered private placement for gross proceeds of \$500,000 by issuing 16,666,667 units at \$0.03 per unit. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$0.05 per common share for a period of 12 months. If the



Common Shares trade on the TSX Venture Exchange for 20 consecutive trading days at a price equal to or more than \$0.10, the Warrants will expire 30 days later.

A cash fee of \$4,860 was paid, and 93,000 share purchase warrants were issued to certain finders in connection with the private placement. Each such warrant is exercisable under the same terms as the warrants issued as part of the private placement units.

## **5. RISK FACTORS**

### **5.1 Exploration and Development**

Exploration for PGEs and other ore minerals is a speculative venture involving substantial risk. There is no certainty that the expenditures to be made by the Company with respect to its properties will result in discoveries of diamonds or ore. Few properties that are explored for minerals are ultimately developed into producing mines.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, which are beyond the control of the Company.

### **5.2 Financing**

The Company is presently exploring its projects for economically viable PGE, Ni-Cu, Cu-Zn-Ag and other ore deposits. None of the Company's projects are yet in production and consequently do not produce revenue. Accordingly, the Company's ability to conduct operations, including the acquisition, exploration and development of mineral properties, when it doesn't have sufficient working capital to do so is based on its ability to raise funds, primarily through equity issuances and potentially through proceeds from the disposition of its properties.

There can be no assurance that the Company will succeed in obtaining required financing, now or in the future. Failure to raise additional financing could cause the Company to suspend exploration and eventually to sell or forfeit its interest in some or all of its properties and could result in the Company ultimately ceasing to continue as a going concern.

The ability of the Company to obtain financing is somewhat dependent on the equity market conditions. The trading price of the common shares of the Company may be subject to wide fluctuations in response to variations in operating results, results of exploration programs and other events and factors outside of the control of the Company. In addition, the stock market has experienced extreme price and volume fluctuations that have particularly affected the market price for many junior mining companies like the Company. These broad market fluctuations may adversely affect the market price of the common shares of the Company and hence its ability to raise funds or to create significant dilution from funds raised.

### **5.3 Mining Operations**

Mining operations involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions may arise. The Company may become subject to liability for pollution, abandonment and reclamation and environmental or other hazards against which it cannot insure or against which it may elect not to insure. Such liabilities may have a material adverse effect on the Company's financial position and future prospects.

### **5.4 Economics of Developing Mineral Properties**

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities or grades to justify development of the deposit, or that the

funds required for development can be obtained at all or, if attainable, can be obtained on a timely basis.

### **5.5 Marketability of PGEs and Base Metals**

PGE and base metal exploration and development are speculative businesses, which involve a high degree of risk. The marketability of PGEs and/or base metals acquired or discovered by the Company (if sufficient amounts are acquired or discovered) will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection. The exact effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company receiving insufficient returns on invested capital. Additionally, depending on the price of minerals produced, the Company may determine that it is not commercially feasible to commence or continue commercial production.

### **5.6 Prices for PGEs and Base Metals**

The value of the Company and its common shares will depend in some degree on the prevailing prices obtainable for PGEs and base metals in the market. The price of those commodities can fluctuate, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, economic conditions globally and nationally, global or national consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of PGEs and base metals cannot be accurately predicted.

### **5.7 Environmental Requirements**

To date the Company has conducted all of its exploration activities in the provinces of Ontario and Quebec. All phases of its operations have been subject to the environmental legislation of the provinces of Ontario and Quebec and of the Government of Canada. Even though the Company does not operate a mine and is not developing a mine, at the current 'exploration' stage of its business cycle it must still abide by numerous laws and regulations relating to the environment. Environmental legislation is evolving; more corporate responsibility, stricter fines and penalties, and more stringent guidelines, could in the future, adversely affect the Company's operations. The cost of compliance with these changes could have a material adverse effect on the Company, its financial condition and prospects. Since the Company will shortly commence exploration in Greenland, it will be subject to Greenland's environmental laws as well.

### **5.8 Competition**

The mining industry (exploration and development) is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities and expertise than itself for the acquisition and exploration of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified management and employees.

### **5.9 Title**

While the Company has registered its claims, licenses and leases with the appropriate mining authorities and has filed all pertinent information to industry standards, this should not be construed as a guarantee of title. The Company's properties may also be subject to prior unregistered agreements or transfers or native land claims, and the Company's title may be affected by these and other undetected defects. The Company's properties may include recorded third party mineral claims, which have not been surveyed, and therefore, the precise area and location of such claims and licenses may be in doubt. The Company may also lose entitlement to claims if certain exploration expenditures are not made by certain set dates as required by provincial mining regulators and regulations.

## **5.10 Mining Regulation**

Mining operations in Canada and Greenland are subject to extensive governmental. Future changes in government regulation could adversely affect mining in Canada and Greenland. The development of mines and related facilities is contingent upon government approval, which must be obtained through statutory review processes. The Company does not have and has not applied for approvals for the development of any of its properties.

## **5.11 Required Capital and Ongoing Business**

The Company has not yet generated any earnings or cash flow to fund its operations and there can be no assurance that the Company will generate any earnings or cash flow in the future. If the Company does not generate cash flow in the future, additional external funding will be required to finance the Company's ongoing operations. This funding may not be available at all or, if available, may not be available on terms acceptable to the Company and could result in the Company ultimately ceasing to exist as a going concern.

## **5.12 Dilution**

Shareholders will suffer dilution with respect to future private and/or public offerings of the Company's common shares (or securities convertible into common shares).

## **5.13 Key Management**

The Company has not purchased any "key man" insurance with respect to any of its directors, officers or key employees to the date hereof. The loss of the Company's President and Chief Executive Officer could have an adverse impact on the Company and its business, financial position and prospects.

## **5.14 Conflicts of Interest**

Certain of the directors and officers of the Company currently, and may in the future, serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director and officer of such other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

## **5.15 Market Volatility**

In the past, there has been limited trading in the Company's common shares. Additionally the trading price of the common shares may be subject to wide fluctuations in response to variations in operating results, results of exploration programs, market conditions and other events and factors outside the control of the Company. In addition, the stock market has experienced extreme price and volume fluctuations, which have particularly affected the market price for many junior resource companies. During the year ended December 31, 2015, the price of the Company's shares fluctuated between \$0.01 and \$0.04. There can be no assurance that significant price fluctuations will not occur.

## **5.16 Aboriginal Claims**

Aboriginal rights may be claimed on Crown or other types of tenure with respect to which mining rights have been granted. The Company is fully aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is fully supportive of measures established to achieve such cooperation.

Northern Shield currently has a signed Letter of Understanding (LOU) with the Marten Falls First Nations (MFFN) which is the closest Native reserve to the Highbank Lake property. The Highbank Lake property is located on Crown land and has been staked and is being explored under the Mining Act of Ontario.

The Company has conferred with the Ministry of Northern Development and Mines of Ontario (MNDM) regarding its exploration at Highbank Lake given the proximity of the MFFN and has received confirmation from the MNDM that the Company has acted and continues to be acting within the laws governing mining exploration in Ontario, including those laws which deal with Native rights and claims.

The July 2006 ruling by the Ontario Superior Court in the Platinex case (Platinex Inc. v. Kitchenuhmaykoosib Inninuwug First Nation) restraining Platinex Inc. from continuing its exploration activities on Crown lands which the Kitchenuhmaykoosib Inninuwug First Nation ("KI") claimed was their traditional territory pending consultation between the Province of Ontario and KI is evidence of, and highlights, the risks faced by mining companies exploring on Crown lands in Ontario, like the Company, where the Province of Ontario has not consulted with affected aboriginal groups in relation to such exploration as the Province is required to do. Accordingly, despite the fact that the Company has been proactive in consulting with the MFFN and requesting that the Province of Ontario do so, there is a risk that the Company could be restrained from its exploration activities at Highbank Lake or its other properties as a result of a failure to consult by the applicable provincial government.

## Outstanding Share Data as of April 26, 2015

<b>Common Shares</b>			
	Issued and Outstanding		175,288,760
	Warrants		11,693,333
	Options		4,150,000
	<b>Fully Diluted</b>		<b>191,132,093</b>
<b>Warrants Outstanding</b>			
Exercise Price	Qty	Expiry Date	Potential Proceeds
\$0.075	3,360,000	23-Sep-17	252,000
\$0.05	8,333,333	12-Apr-17	416,667
<b>\$0.075</b>	<b>11,693,333</b>	<b>29-May-17</b>	<b>668,667</b>
<b>Options Outstanding</b>			
Exercise Price	Qty	Expiry Date	Potential Proceeds
\$0.25	2,150,000	5-Oct-16	537,500
\$0.25	1,750,000	26-Mar-17	437,500
\$0.20	250,000	3-Jul-17	50,000
	<b>4,150,000</b>		<b>\$ 1,025,000</b>

Additional information on the Company is available on its website [www.northern-shield.com](http://www.northern-shield.com) or on SEDAR [www.sedar.com](http://www.sedar.com).

### Cautionary Statements

Certain statements included in this Management Discussion and Analysis constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Forward looking statements or information in this Management Discussion and Analysis include, but are not limited to, statements regarding:

- business objectives, plans and strategies;
- exploration objectives, plans and strategies; and
- certain geological interpretations and expectations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this Management Discussion and Analysis, assumptions have been made regarding, among other things:

- the ability of Northern Shield to continue to fund its operations through financings, options and joint ventures;
- the ability of Northern Shield to obtain equipment, services and supplies in a timely manner to carry out its activities;
- the level of exploration activities;
- the ability of Northern Shield to retain and access its mineral claims; and
- current and future mineral commodity prices.

Although Northern Shield believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because Northern Shield can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Northern Shield and described in the forward looking statements or information. These risks and uncertainties include but are not limited to:

- the ability of management to execute its business and exploration objectives, plans and strategies;
- the risks of the mining industry, such as operational risks in exploring for minerals and market demand;
- risks and uncertainties involving geology of mineral deposits;
- potential delays or changes in plans with respect to exploration projects;
- Northern Shield's ability to retain and access its mineral claims;
- fluctuations in current and future mineral commodity prices;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- general economic, business and market conditions;
- the possibility that government policies or laws may change;
- aboriginal claims; and
- other risks and uncertainties described elsewhere in this Management Discussion and Analysis or in Northern Shield's other filings with Canadian securities authorities.

The forward-looking statements or information contained in this Management Discussion and Analysis are made as of the date hereof and Northern Shield undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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## Directors and Officers

### *Board of Directors*

William Kiff (Chair)  
Ian Bliss (President & CEO)  
Scott Jobin-Bevans  
Dr. Neil Bliss  
Marcus Archer

### *Compensation Committee*

Marcus Archer (Chair)  
William Kiff  
Scott Jobin-Bevans

### *Officers*

Ian Bliss (President & CEO)  
Sam Legg (Chief Financial Officer)  
James O'Sullivan (Corporate Secretary)

### *Audit Committee*

William Kiff (Chair)  
Scott Jobin-Bevans  
Dr. Neil Bliss

### *Technical Committee*

Scott Jobin-Bevans  
Dr. Neil Bliss

## Listing

TSX Venture: "NRN"  
Frankfurt (Germany) Exchange: "N9S"

## Capitalization (November 25, 2015)

Shares Issued: 175,288,760  
Fully Diluted: 191,132,093

## Counsel

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RBC  
90 Sparks Street  
Ottawa, Ontario K1P 5T6

## Registrar/Transfer Agent

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Calgary, Alberta T2P 3S8