

# PROAM EXPLORATIONS CORPORATION

## Management Discussion and Analysis

For the year ended December 31, 2016

This management discussion and analysis (“MD&A”) of financial position and results of operations is prepared as at May 01, 2017 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 of ProAm Explorations Corporation (“ProAm” or the “Company”) with the related notes thereto.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

Those consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements. All dollar amounts are expressed in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### Description of Business

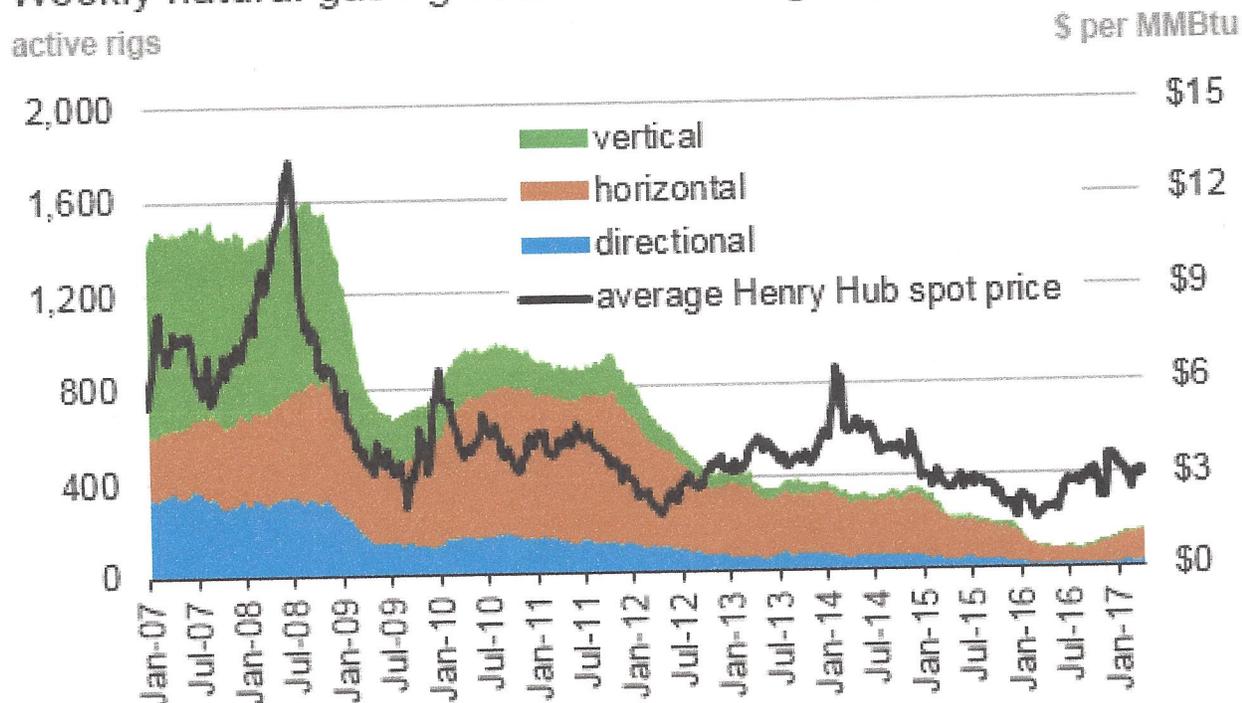
ProAm Explorations Corporation is a junior mineral and oil and natural gas exploration and development company. The Company operates in Canada and the United States. Mineral exploration has been focused in Canada while oil and natural gas activity has been primarily focused in the United States.

### Natural gas spot prices (Henry Hub)



Source: Natural Gas Intelligence

## Weekly natural gas rig count and average spot Henry Hub



Source: Baker Hughes

- The Company's main natural gas field in Pennsylvania remains shut-in due to third party pipeline issues. We are advised that a senior Company in the immediate vicinity of the property is constructing a new pipeline to connect with the main sales pipeline. We are hopeful this field will be back on production in the fall of 2017
- Economic conditions in both oil and gas markets appear to be starting to show some improvement
- Management continues to operate within the philosophy of living within its cash flow.
- The Company has successfully farmed out its Samuel Lake property

### Oil and Natural Gas and Mineral Properties

#### **Samuel Lake Project**

The Samuel Lake Project is located approximately 55 km west of the town of Atikokan, Ontario, (North Western Ontario). Access to the property is via the Lac La Croix road along the South Pipestone River, which intersects Highway 11 approximately 37 km west of Atikokan. The road services the Lac La Croix First Nations band year round and is well maintained. The Samuels Lake intrusion is one of a series of ultramafic intrusions into the quetico sediments in Northwestern Ontario and is completely encompassed by five mining claims.

The Samuels Lake intrusion is a result of two folding events giving rise to a surface outcrop pattern shaped like basin and domes. The shallow dipping south side of the nickel-copper-cobalt mineralization is seen to increase in thickness downward to the north, and remains untested at depth. Additionally, the same mineralization which has been intersected in the previous drilling is seen to roll over to the west, and corroborate the magneto-telluric electromagnetic anomaly under the west side of Samuels Lake. The Company entered into an agreement to farm out the project to Canyon Copper Corp. See below for news releases from Canyon Copper detailing the agreement and progress made on the project.

## **News releases made by Canyon Copper**

**September 27, 2016**

Canyon Copper Corp. has entered into an option agreement with ProAm Explorations Corp., a company listed on the TSX Venture Exchange, to earn a 71-per-cent interest in the Sams Lake property located in the Beaverhouse Lake and Factor Lake areas of Northwestern Ontario, which consists of five claims totalling 595 hectares. The Sams Lake property is a mature exploration project that hosts nickel, copper, cobalt and palladium group metals in an ultramafic intrusive body.

Under the terms of the option agreement, Canyon will exercise the option to acquire a 71-per-cent interest in the Sams Lake property by making the following cash payments, share issuances and exploration expenditures:

1. Cash payment of \$50,000 and 200,000 common shares of Canyon within 10 days from the date of exchange acceptance;
2. Cash payment of \$50,000, 200,000 common shares of Canyon and completing \$500,000 of exploration expenditures on the property before the second anniversary of the option agreement;
3. Cash payment of \$100,000, 200,000 common shares of Canyon and completing an additional \$500,000 of exploration expenditures on the property before the third anniversary of the option agreement;
4. Completing an additional \$1-million of exploration expenditures on the property before the sixth anniversary of the option agreement.

Under the terms of the option agreement, Canyon will pay a 2.5-per-cent net-smelter-return royalty to ProAm on commencement of commercial production. Canyon will have the right, at any time, to purchase 1 per cent of the 2.5-per-cent NSR for \$1.5-million.

**April 5, 2017**

Canyon Copper Corp. has staked and recorded a significant expansion of key areas near the Samuels Lake area option agreement with ProAm Exploration Corp.

Four additional blocks of claims have been staked which will increase the area under control by 6,958 acres (2,817 hectares) in addition to the original Samuels Lake property of 1,471 acres (595.6 hectares) for a total of 8,429 acres (3,413 hectares). Samuels Lake is located in the province of Ontario, about 56 kilometres west-southwest of Atikokan, a significant former iron mining centre that is 200 kilometres west of the port of Thunder Bay.

The additional ground was acquired in order to open up further opportunity to expand on developing mineral resources similar to those located by two exploration campaigns, by ProAm (1998 to 2000) and Teck Cominco Ltd. (2008). The following key reasons lead to the decision stake this ground.

- Both of the previous Samuels Lake exploration programs had identified mineralization of copper, nickel and cobalt. Minor platinum group element assemblages were associated with this mineralization.
- The mineralization appears to correlate with rocks of high magnetic susceptibility due to an alteration of ultramafic rocks to a dominant wehrlite phase that has a layered distribution of sulphide mineralization, in some sections drilled in both exploration programs.
- Attractive thickness and combined grade for future development.
- The copper-nickel mineralization is associated with cobalt that ranges in grade from 0.030 per cent to 0.080 per cent, which is a possible co-product in higher-grade sections.
- The consumption of cobalt in the production of lithium-ion batteries is reported to be in a range of 30 per cent to 60 per cent for electrode materials in some ion batteries now in production, compared with 20 per cent to 30 per cent lithium electrode material.
- The price of cobalt has risen to more than \$30,000 per tonne (\$60 per pound) while lithium for electrode materials is between \$8,500 per tonne (\$4.25 per pound) and \$12,000 per tonne (\$6 per pound) in recent reports of sales.

- *The proximity of the project area to Atikokan makes possible the development of brownfield sites for future plant and tailings facilities, which could reduce the time and cost required for permitting new facilities.*
- *The high magnetic susceptibility associated with the mineralization has helped identified several UTEM targets with downhole probing during the earlier exploration programs. These will be reviewed after recovery and assaying of drill core from the 1999 drilling, which has been located and is well identified with tags and the written logs.*
- *The economic advantage of having accumulations of nickel and copper sulphides, with associated cobalt as a possible byproduct, has made this a very attractive exploration target for the company.*

## **Oil and Natural Gas Production and Exploration**

### **Indiana County, Pennsylvania**

OSEC Petroleum Inc., a wholly owned subsidiary, has a 100% working interest – 75% net revenue interest in 42 wells and a 50% working interest – 37.5 % net revenue interest in an additional well in this Appalachian natural gas field in Indiana County, Pennsylvania. These wells have been shut-in since late 2014 due to pipeline issues.

### **Arkansas**

The Company has a 12.5% working interest in two wells in Logan County Arkansas.

### **Oklahoma**

The Company has a 12.5% working interest in two wells.

### **Ohio**

The Company has two producing natural gas wells in Ohio.

### **West Virginia**

The Company has a 5% working interest in a 5,600 acre land package within the High Allegheny Mountain Section of The Eastern Overthrust Belt. Given current price conditions no further work has been done or contemplated on this acreage.

### **Okotoks, Alberta, Canada**

Two wells, which are currently on production, are referred to as Okotoks 5-15-22-28W4 and Okotoks 6-15-22-28W4. The spacing units allow for two additional wells which await a better market environment.

### **Results of Operations**

During the year ended December 31, 2016 the Company reported net income of \$13,095 compared to a loss of \$111,750 for the period ended December 31, 2015.

Production revenues of \$31,709 was recorded during the period ended December 31, 2016 compared to \$66,949 recorded in the prior period ended December 31, 2015. This reduction is the result of shut-in production due to unresolved pipeline issues and uneconomic returns due to commodity pricing.

General and administrative expenses of \$ 28,588 (2015- \$51,407) were recorded for period ending December 31, 2016

### **Selected Annual Financial Information**

ProAm Explorations Corporation  
December 31, 2016

	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2016
Total Revenues	137,775	166,017	172,512	66,949	31,709
Depletion & Amortization	50,630	43,449	80,763	27,843	13,198
Operations	99,442	114,164	107,152	71,665	33,918
General & Admin Expense	189,952	188,698	130,372	51,407	28,588
Income (loss) before extra ordinary items and income taxes	(215,894)	(162,031)	102,890	(111,750)	13,095
Income (loss) before extra ordinary items and income taxes per share.	(0.02)	(0.02)	0.01	(.01)	0.00
Net Income (loss) after tax	(215,894)	(162,031)	102,890	(111,750)	13,095
Net Income (loss) per share before tax and comprehensive income	(0.02)	(0.02)	0.01	(0.01)	0.001
Total Assets	\$ 686,202	\$ 726,771	\$ 668,055	\$ 584,297	\$ 565,513

### Selected Quarterly Financial Information

	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16
Revenue	28,830	27,146	11,284	15,656	12,863	12,217	3,166	13,477	2,849
Operations	17,333	18,660	17,898	24,153	10,954	6,196	7,385	6,040	14,297
Depletion, amortization and accretion	68,435	12,210	98	111	15,424	1,687	103	(4)	11,412
General and Administrative Expense	33,706	5,392	9,961	14,365	21,689	6,390	3,182	5,184	13,832
Comprehensive Income (loss) before taxes	(84,196)	(31,604)	(14,615)	(52,206)	(13,528)	(6,651)	(7,104)	4,882	21,968
Earnings per share before taxes *	(.01)	(0.001)	0.000	(0.0001)	(0.00)	(0.00)	(0.00)	(0.000)	0.001

### Liquidity and Capital Resources

- The Company had a working capital position of \$(43,517) and cash on hand of \$27,029 at December 31, 2016. This compares to a working capital position of \$(96,910) and cash on hand of \$11,686 at December 31, 2015

Other information relating to the company's oil and natural gas reserves may be viewed on the Sedar website on which a 51-101 compliant report entitled "Statement of Reserve Data and Other Oil and Gas Information" is posted.

## **Related Party Transactions**

No related party transactions occurred in the comparative periods.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

## **Statement of compliance and basis of presentation of Financial Statements**

### ***Basis of preparation***

The consolidated financial statements of the Company, approved by the Board of Directors on May 1, 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

## **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 and oil and natural properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Management is aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. Management's plan may include continuing to pursue additional sources of financing and reducing overhead costs. As a result of the implementation of this plan, the use of existing working capital and revenue from oil and gas interests, management expects that the Company will have sufficient capital to fund operations and keep its resource interests in good standing for the upcoming fiscal year. Further discussion of liquidity risk has been disclosed in the audited financial statements.

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

## **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

## **Cautionary Statement on Forward-Looking Statements**

This MD&A contains forward-looking statements. Forward-looking statements are statements that relate to future events or to our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including:

- the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing oil and natural gas, and market demand;

- the risks and uncertainties involving geology of oil and gas deposits;
- the uncertainty of reserve estimates;
- the uncertainty of estimates and projections relating to exploration, development and production costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- risks in conducting foreign operations (for example, political and fiscal instability or the possibility of civil unrest);
- general economic conditions;
- the effect of acts of, or actions against, international terrorism;

### **Outstanding Share Data**

ProAm is a Tier 2 issuer and its shares are traded on the TSX Venture Exchange under the symbol PMX.

As at May 01, 2017 the Company has:

- 15,283,936 common shares outstanding on a consolidated basis;
- 1,000,000 stock options outstanding and are exercisable with an exercise price of \$0.05 per share, expiring May 15, 2019.

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

### **Contingencies**

The Company has no undisclosed contingencies as May 1, 2017

### **Off Balance Sheet Arrangements**

The Company has no off Balance Sheet arrangements as at May 1, 2017