APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2015

APPIA ENERGY CORP.

Management's Discussion and Analysis – September 30, 2015
As of December 8, 2015

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Appia Energy Corp. ("Appia" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2015. The MD&A was prepared as of December 8, 2015 and should be read in conjunction with the audited financial statements ("Financial Statements") of the Company for the year ended September 30, 2015 and 2014, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements.

Executive Summary

Corporate

Appia became an unlisted reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario on the approval of its prospectus dated December 12, 2012.

On June 16, 2014, the Company received approval of the listing of its common shares on the Canadian Securities Exchange and was listed for trading on June 19, 2014 under the trading symbol "API".

The Listing Statement, which contains information on the Company's structure, financial history and the details of its property holdings can be found on the Company's website, www.appiaenergy.ca.

Appia is a Canadian mineral exploration company with a primary focus on Uranium and Rare Earth Elements. The Company holds an interest in 41,260 hectares (101,955 acres) in Saskatchewan, including a 100% interest in 33,570 hectares (82,953 acres) primarily in the Athabasca Basin as well as a 90% interest in 1,518 hectares (3,751 acres) and a 100% interest in 6,172 hectares (15,251 acres) in the Alces Lake area.

As set out in detail in this MD&A, in 2015 the Company voluntarily changed its accounting policy for exploration and evaluation expenditures and retrospectively applied the change. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of the recoveries received.

Under the new policy, only the original acquisition costs of exploration and evaluation properties are capitalized and all expenditures incurred to explore prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development, net of recoveries received, are charged to operations as incurred.

Ontario

The National Instrument 43-101 ("NI 43-101") report on the Elliot Lake properties completed in 2013 incorporated a new concept of simultaneously mining a nine metre high underground zone, including the Upper Reef, the Rare Earth Elements ("REEs") in the Intermediate Quartzite Zone and the Lower Reef. With the REE content by weight being over six times the uranium content, the economic value of the mineralized zone has been greatly enhanced. A significant portion of the previously categorized Inferred Resources was upgraded to Indicated Resources, and additional resources were defined.

More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

Saskatchewan

The Athabasca Basin of Saskatchewan is receiving a great deal of attention because of recent successful exploration results on uranium prospects by a number of companies. In September 2013, the Company discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the "Ivan Zone" and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company's news release on the Ivan Zone on May 22, 2014.

The overall results have been very encouraging and the Company is planning further work on the claims, including an airborne survey of the Alces Lake claims.

Exploration and Evaluation Assets

Ontario Properties:

Appia holds over 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario. The zones are called Teasdale, Banana Lake, Canuc, Bouck Lake and Buckles Lake. Since the inception of mining, the Elliot Lake area has produced over 300 M lbs. of U_3O_8 and is the only mining camp in Canada with significant historical commercial REE production.

Teasdale Lake Zone

The following two tables set out the resources reported in the NI 43-101 report entitled "Update Report on the Appia Energy Corp. Uranium-Rare Earth Property, Elliot Lake District, North-Central Ontario, Canada," by Watts Griffis and McOuat ("WGM") dated July 30, 2013 which has been filed on SEDAR (www.sedar.com). It should be noted that the contents for the rare earth components are for rare earth metals, whereas it has become more common to report the contents as equivalent rare earth oxides, which results in an average increase of approximately 46% for the oxides versus the metallic form.

Table 1
Summary of Teasdale Zone Uranium and Rare Earth Mineral Resource Estimate

Zone	Tonnes ('000)	Tons ('000)	TREE (lbs/ton)	U_3O_8 (lbs/ton)	Average Thickness (m)	Contained TREE ('000 lbs)	Contained U_3O_8 ('000 lbs)
INDICATED RESOURCES							
UR	6,733	7,422	4.20	0.484	4.61	31,199	3,593
IQ	3,006	3,314	1.98	0.259	2.27	6,578	0.857
LR	3,355	3,699	2.68	0.958	2.60	9,912	3,544
Total	13,095	14,435	3.30	0.554	9.48	47,689	7,995
INFERRED RESOURCES							
UR	18,326	20,201	3.87	0.421	4.33	78,080	8,498
IQ	10,209	11,254	1.64	0.184	2.78	18,464	2,070
LR	9,972	10,992	3.33	0.869	2.71	36,631	9,564
Total	38,507	42,447	3.14	0.474	9.82	133,175	20,115

Note: 1. Mineral Resources effective 30 July, 2013

2. Mineral Resources are estimated at a cut-off value of $100 per tonne, using a uranium price of US$70/lb U_3O_8, a TREE price of $78/kg, and a C$:US$ exchange rate of 1:0.9. TREE includes all the REE elements from lanthanum to lutetium plus yttrium.
3. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There are no known specific problems at this date.
4. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
5. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
6. Specific Gravity of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
7. Indicated amounts may not precisely sum due to rounding.

Table 2
Individual REE Resource Grade Composition Summary

Zone	Light REE (grams/tonne)						Heavy REE (grams/tonne)									
	La	Ce	Pr	Nd	Sm	Eu	**Gd**	**Tb**	**Dy**	**Ho**	**Er**	**Tm**	**Yb**	**Lu**	**Hf**	**Y**
INDICATED RESOURCES																
UR	540	951	93.9	313	51.7	1.9	32.8	3.9	17.2	2.7	7.0	0.9	5.5	0.8	6.8	72.9
IQ	256	452	44.9	148	24.4	1.0	14.7	1.8	7.7	1.2	3.1	0.4	2.5	0.4	3.6	30.6
LR	332	596	59.4	201	35.1	1.7	23.2	3.0	14.2	2.3	5.9	0.8	4.5	0.6	3.3	58.1
Average	**422**	**745**	**73.8**	**247**	**41.1**	**1.7**	**26.2**	**3.2**	**14.3**	**2.3**	**5.8**	**0.8**	**4.6**	**0.7**	**5.2**	**59.4**
INFERRED RESOURCES																
UR	498	876	85.9	285	47.2	1.8	29.3	3.5	15.9	2.5	6.5	0.9	5.3	0.8	6.8	67.9
IQ	213	374	37.0	122	20.0	0.8	12.3	1.4	6.4	1.0	2.6	0.4	2.2	0.3	3.3	26.5
LR	417	747	73.9	249	43.4	1.9	28.5	3.6	16.4	2.6	6.6	0.9	5.2	0.7	4.5	66.4
Average	**401**	**709**	**69.9**	**232**	**39.0**	**1.6**	**24.6**	**3.0**	**13.5**	**2.1**	**5.5**	**0.7**	**4.4**	**0.6**	**5.3**	**56.5**

Historical Estimates

Table 3

1979 Historical U_3O_8 Estimates on Appia's Elliot Lake Properties

Zone	Quantity (tons)	Grade (lbs U_3O_8/ton)	Contained U_3O_8 (lbs)
Teasdale Lake Zone	17,458,200	1.206	20,787,200
Buckles Zone (Gemico Block #3)	42,800,000	0.38	16,264,000
Bouck Zone (Gemico Block #10)	20,700,000	0.75	15,525,000
Banana Lake Zone	175,800,000	0.76	133,608,000
Canuc Zone	7,000,000	1.86	13,020,000
Total	**263,758,200**	**0.76**	**199,204,200**

The foregoing historical resources were not estimated in accordance with definitions and practices established for the estimation of Mineral Resources and Mineral Reserves by the Canadian Institute of Mining and Metallurgy. As such, the historical resources are not compliant with Canada's security rule NI 43-101, and are unreliable for investment decisions. Neither Appia nor its Qualified Persons have done sufficient work to classify the historical resources as mineral resources under current mineral resource terminology and are not treating the historical resources as current mineral resources. Nevertheless, most of the historical resources were estimated by mining companies active in the Elliot Lake camp using assumptions, methods and practices that were accepted at the time, and based on corroborative mining experience.

Banana Lake Zone

Based on drilling by Appia during 2007, a subsequent Mineral Resource estimate for the Banana Lake Zone was prepared in 2011 by WGM in accordance with the provisions of NI 43-101. Some of Appia's drilling included holes that were wedged from historical drill holes that Appia re-entered. This resource, first reported in Workman and Breede (2011), is summarized in Table 4. A single hole drilled in 2012 to 1,647 metres did not encounter the typical geological formation with assays returning no significant values of U_3O_8, thorium or REEs. WGM, however, is of the belief that this hole did not materially impact the potential for additional resources in the Banana Lake Zone.

. Table 4
Summary of Banana Lake Zone Mineral Resource Estimate

Category	Tons ('000)	Specific Gravity (tons/m^3)	lbs. U_3O_8/ton	Total lbs U_3O_8 ('000)
Inferred Resources	30,315	3.14	0.912	27,638

Notes: 1. Effective, 1 April, 2011
2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
5. A cut-off grade of 0.6 lb. U_3O_8 was used
6. Specific Gravity of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
7. Indicated amounts may not precisely sum due to rounding.

Summary:

The Company is considering the next stage of the Teasdale exploration and evaluation. The longer-term outlook for uranium prices is positive and the successful recovery of the REEs, particularly the heavy elements of the total rare earths encountered, is very encouraging. Factors favourable for the project include the following:

- new mine infrastructure development would be in brownfield areas already disturbed by industrial and mining activity;
- water, electrical, transportation and communications infrastructure is in place or close at hand;
- the recovery of uranium from Elliot Lake ore is well known. Based on Teasdale Lake test results, the recovery of REEs appears to face no significant technical uncertainties;
- Appia is not responsible in any manner for potential future environmental impacts arising out of historical mining operations or waste disposal; and,
- The Cameco uranium refinery is located approximately 50 km away, near Blind River.

Saskatchewan Properties:

Beginning in fiscal 2011, the Company participated in staking properties in Saskatchewan.

The Company now holds total of 42,510 hectares (105,045 acres) in Saskatchewan, including 100% interest in 34,820 hectares (86,042 acres) primarily in the Athabasca Basin as well as a 90% interest in 1,518 hectares (3,751 acres) and a 100% interest in 6,172 hectares (15,251 acres) in the Alces Lake area.

In 2010, the Saskatchewan Geological Survey visited the Alces Lake area where a trenching program had been carried out at an earlier date, with 13 rock sample assays showing a significant presence of REEs, reaching as high as 29.8% total REEs and anomalous levels of uranium and thorium.

In 2011, the Company visited the site and recorded radioactivity levels over 15 boulder and outcrop samples in a range of 5,500 cps to 53,500 cps, with thorium levels off scale for the spectrometer. Assays on five samples reflected favourably on the 2010 REE findings.

In September 2013, the Company discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the "Ivan Zone" and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company's news release on the Ivan Zone on May 22, 2014.

The overall results have been very encouraging and the Company recognizes the importance of doing further work on the claims, including an airborne survey of the Alces Lake claims.

Outlook

The drilling at the Teasdale Zone of Elliot Lake and the change in the proposed mine plan resulted in very significant quantities of REEs being reported, with a large increase in the Indicated category and an overall increase in the Indicated and Inferred Resources. The preliminary metallurgical test recovery of 90% for uranium and 80% to 90% for most REEs is very encouraging. There have been significant developments in the separation of individual REEs from the composite ore which suggests that these test results can be improved upon.

More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

The results from the exploration work carried out at Alces Lake, Saskatchewan suggest that follow-up work is highly desirable.

The tsunami in Japan resulted in the shut-down of all of its 48 nuclear reactors. The first Japanese reactor to re-enter service was restarted on August 11, 2015. Five reactors in total have been cleared for restart. China has 21 new reactors under construction and has plans or proposals for a further 179 reactors, which should increase demand for uranium in the near future.

The spot price of uranium oxide was recently reported to be US$36.25 per pound, with deliveries of uranium under long-term contracts reported at US$46.00.

Analysts are predicting that uranium prices will strengthen very significantly in the next 6 to 18 months, and China's production of REEs is no longer adequate to supply its own requirement of certain REEs.

Appia will monitor financial market conditions, and if possible, complete a financing and/or seek a joint venture partner to advance the exploration and development activities on its Elliot Lake and Saskatchewan properties.

Selected Annual Information (Restated to reflect the new accounting policy)

	2015 $	2014 $	2013 $
Net income/(loss)	(230,541)	(421,846)	(1,339,581)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.03)
Total assets	1,450,813	1,600,839	1,856,872

Results of Operations

Exploration and evaluation costs for the year were reduced to $44,568 from $129,767 in the previous year. Total general and administrative expenses for the year ended September 30, 2015 were $193,721 compared to $345,856 in 2014. The decreases in shareholder communication costs to $18,080 (2014 - $28,952), management fees and salaries to $106,900 (2014 - $134,238), and non-cash share-based compensation to $9,105 (2014 - $114,245) account for most of the difference.

Interest income was $7,748 for the year ended September 30, 2015, compared to $11,273 for 2014 due to decreased cash balances held during the year.

The Company's net loss and comprehensive loss was $230,541 compared with $421,846 in 2014.

Fourth Quarter

The Company's net loss and comprehensive loss for the three months ended September 30, 2015 was $45,941 compared to $49,443 in the prior year. The change in the fourth quarter of 2015 compared to 2014 was due to the decrease in non-cash share-based compensation to $nil (2014 - $4,761) and a decrease in management fees and salaries to $23,650 (2014 - $42,751) offset by increase in net exploration expenditures of $8,038 (2014 – 3,396).

Selected Quarterly Information – Restated as outlined in Note 3 to the Financial Statements

2015/2014	**Sep 30, 2015**	**Jun 30, 2015**	**Mar 31, 2015**	**Dec 31, 2014**
	$	**$**	**$**	**$**
Net loss and comprehensive loss	(45,941)	(49,328)	(73,121)	(62,151)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,450,813	1,478,181	1,505,667	1,545,476

2014/2013	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**	**Dec 31, 2013**
	$	**$**	**$**	**$**
Net loss and comprehensive loss	(49,443)	(90,736)	(151,128)	(130,539)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,600,839	1,625,470	1,647,503	1,773,938

Capital Resources and Liquidity

At September 30, 2015, the Company had working capital of $112,867 (after deducting $478,306 owing to the CEO) compared to $344,894 as at September 30, 2014. The Company has no operating revenue and has historically been funded with equity based private placements. The Company's exploration plans are contingent on raising capital resources. The Company has sufficient financial resources to continue operation through the next twelve months. Cash operating costs are currently approximately $10,000 per month.

The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

Common Share Data

Appia Energy Corp. commenced trading on the Canadian Securities Exchange ("CSE") on June 19, 2014 under the trading symbol "API".

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at September 30, 2015 and 2014 was 41,616,078.

Common share purchase stock options

The Company has created a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

As at September 30, 2015, 2,600,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options	**Weighted-average exercise price**
	#	$
Balance September 30, 2013	2,600,000	1.25
Granted	400,000	1.25
Expired	(400,000)	1.25
Outstanding at September 30, 2014 and September 30, 2015	2,600,000	1.25
Exercisable at September 30, 2014 and September 30, 2015	2,600,000	1.25

On July 30, 2014, 400,000 options held by a former Director at an exercise price of $1.25 per share expired unexercised and effective March 25, 2014, the Company issued 400,000 options to a Director of the Company exercisable at $1.25 per share until March 25, 2019.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,000,000	1,000,000	4.6 months	$1.25	February 17, 2016
400,000	400,000	15.8 months	$1.25	January 23, 2017
400,000	400,000	16.0 months	$1.25	February 1, 2017
400,000	400,000	30.3 months	$1.25	April 9, 2018
400,000	400,000	41.8 months	$1.25	March 25, 2019
2,600,000	2,600,000			

As at September 30, 2015 and December 8, 2015, the Company had 41,616,078 common shares and 2,600,000 stock options outstanding. The fully diluted number of common shares that could be outstanding as at September 30, 2015 and December 8, 2015 is 44,216,078.

Related Party Transactions

During the year ended September 30, 2015, the Company incurred related party expenses of $101,400 (2014 – $126,238). These expenses related to management fees paid or payable to key management personnel; Tom Drivas, Chief Executive Officer, Frank van de Water, Chief Operating Officer and Michael D'Amico, Chief Financial Officer, and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers. The amount charged for office administration services is included under office and general expenses.

At September 30, 2015, $478,306 (2014 - $418,306) of accumulated related party expenditures is due and outstanding to Tom Drivas and is included under accounts payable and accrued liabilities.

Share-based compensation to key management and directors for the year ended September 30, 2015 was $9,105 (2014 - $114,245) respectively.

During the year ended September 30, 2015, the Company incurred expenses of $17,500 (2014 – $20,000) related to directors' fees to independent directors. At September 30, 2015, $27,000 (2014 - $12,500) was due and payable.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended September 30, 2015 and 2014.

During the year ended September 30, 2015, the Company incurred expenses of $2,333 (2014 - $10,930) for legal fees to a law firm related to a director of the Company, William R. Johnstone. At September 30, 2015 $108 (2014 – $1,271) was due and payable to this related party.

As disclosed in Note 6 of the financial statements, the Company's major exploration property was acquired from a related party.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its exploration and evaluation assets for impairment to determine whether the acquisition cost of these properties will be recoverable from future cash flows or from their disposition. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at September 30, 2015, there is no impairment of carrying value of its Ontario and Saskatchewan exploration and evaluation assets.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

Risk Factors

There are a number of risks that could affect Appia's business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace, markets for the Company's securities and the demand for uranium and rare earth elements. The Company's viability will depend on the successful definition of recoverable and economic resources and the establishment of positive comprehensive feasibility studies leading to production decisions. After completion of positive feasibility studies, the Company's success is dependent on maintaining the title and beneficial interest in the properties, obtaining the necessary governmental approvals and the successful financing, construction and operation of a facility to profitably extract the contained metals.

Exploration Risk

Mineral exploration and development involve a high degree of risk. A very low percentage of exploration projects ultimately evolve into producing mines. There is no assurance that the Company's exploration and development activities will result in the definition of a commercial ore body. The viability of an ore body depends on a number of factors which include, but are not limited to, location, size, grade, geometry of ore body, availability of experienced labourers, proximity to existing infrastructure, metal prices and government regulations, including environmental restrictions.

Financial Capability and Additional Financing

The Company has cash of approximately $631,000 and working capital of approximately $95,000 at December 8, 2015, (after deducting $488,306 owing to the CEO), has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

Fluctuating Prices

The prices of uranium and rare earth elements have fluctuated widely in recent years and are affected by factors beyond the control of the Company. The market price of individual rare earth elements are largely determined by China, which controls as much as 90% of the current world supply. International economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends are some of the factors that could impact on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment

Both the exploration and production phases of the Company's operations are subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Title Matters

The Ontario mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims which convey the ownership of mineral rights on specific tracts of land is uncertain, although the boundaries are clearly shown on Ontario government maps. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nations land claims, and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. In many countries, including Canada, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

Uncertainty in the Estimation of Mineral Resources

The Mineral Resource quantities contained in this MD&A are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Resources could be mined or processed profitably. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Fluctuation in REE and uranium prices, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources, or of the Company's ability to extract these Mineral Resources, could have a material adverse effect on the value of the resources.

Land access

As of April 1, 2013, under the recently modified Mining Act (Ontario), the Company is required to obtain permits to conduct exploration and evaluation activities on its Ontario properties. The Ontario Government is required to consult with the First Nations in order to reach agreement to permit activity in areas considered to have been historically inhabited. The impact of any possible delays on the Company's intended activity is unknown.

Voluntary Change in Accounting Policy

During the year ended September 30, 2015, the Company voluntarily changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, only the original acquisition costs of exploration and evaluation properties are capitalized and all expenditures incurred to explore prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development, net of recoveries received, are charged to operations as incurred.

In accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company has retrospectively applied this change in accounting policy. The effect of the change for the current and previous period is noted below.

Management considers this accounting policy provides more reliable and relevant information and more clearly represents the Company's results and financial position.

The financial statement impact as at October 1, 2013 is as follows:

Statements of Financial Position	**As previously reported**	**Effect of change**	**As restated**
	$	$	$
Deferred exploration expenditures	5,395,054	(5,395,054)	-
Total non-current assets	6,164,147	(5,395,054)	769,093
Total assets	7,251,926	(5,395,054)	1,856,872
Deferred income tax	556,336	(556,336)	-
Total liabilities	989,824	(556,336)	433,488
Deficit	(3,863,209)	(4,838,718)	(8,701,927)
Total shareholders' equity	6,262,102	(4,838,718)	1,423,384
Total liabilities and shareholders' equity	7,251,926	(5,395,054)	1,856,872

The financial statement impact as at September 30, 2014 is as follows:

Statements of Financial Position	As previously reported	Effect of change	As restated
	$	$	$
Deferred exploration expenditures	5,482,317	(5,482,317)	-
Total non-current assets	6,253,206	(5,482,317)	770,889
Total assets	7,083,156	(5,482,317)	1,600,839
Deferred income tax	520,533	(520,533)	-
Total liabilities	1,005,589	(520,533)	485,056
Deficit	(4,161,989)	(4,961,784)	(9,123,773)
Total shareholders' equity	6,077,567	(4,961,784)	1,115,783
Total liabilities and shareholders' equity	7,083,156	(5,482,317)	1,600,839

Statements of Loss and Comprehensive Loss			
	$	$	$
Exploration and evaluation expenditures	-	(87,263)	(87,263)
Deferred income tax recovery	35,803	(35,803)	-
Net loss and comprehensive loss for the year	(298,780)	(123,066)	(421,846)
Basic and diluted loss per year	(0.01)	(0.00)	(0.01)

Statements of Cash Flows			
	$	$	$
Net loss for the year	(298,780)	(123,066)	(421,846)
Cash flows used in operating activities	(159,565)	(87,263)	(246,828)
Deferred exploration expenditures incurred	(87,263)	87,263	-
Cash flows used in investing activities	(89,059)	87,263	(1,796)

The financial statement impact as at September 30, 2015 is as follows:

Statements of Financial Position	Under previous accounting policy	Effect of change	As reported
	$	$	$
Deferred exploration expenditures	5,526,885	(5,526,885)	-
Total non-current assets	6,308,365	(5,526,885)	781,480
Total assets	6,977,698	(5,526,885)	1,450,813
Deferred income tax	520,533	(520,533)	-
Total liabilities	1,076,998	(520,533)	556,465
Deficit	(4,347,962)	(5,006,352)	(9,354,314)
Total shareholders' equity	5,900,700	(5,006,352)	894,348
Total liabilities and shareholders' equity	6,977,698	(5,526,885)	1,450,813

Statements of Loss and Comprehensive Loss			
	$	$	$
Exploration and evaluation expenditures	-	(44,568)	(44,568)
Net loss and comprehensive loss for the year	(185,973)	(44,568)	(230,541)
Basic and diluted loss per year	(0.00)	(0.00)	(0.01)

Statements of Cash Flows

	$	$	$
Net loss for the year	(185,973)	(44,568)	(230,541)
Cash flows used in operating activities	(98,023)	(44,568)	(142,591)
Deferred exploration expenditures incurred	(44,568)	44,568	-
Cash flows used in investing activities	(55,160)	44,568	(10,592)

Accounting pronouncements issued but not yet adopted

The following standards are either currently effective or will be effective soon with earlier adoption permitted. The Company has not early adopted any standards which are not yet effective and is currently assessing the impact they may have on the Statements;

IFRS 9, Financial Instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

International Accounting Standard 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) ("IAS 32"), clarifies the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) outlines new disclosure requirements that enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

Special Note Regarding Forward-Looking Statements

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors and including the risk factors summarized above under the heading "Risk Factors". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Additional Information

(1) Additional information may be found on the Company's website at www.appiaenergy.ca.

(2) The technical information included in this MD&A regarding the Elliott Lake properties has been reviewed and approved by Al Workman, P.Geo. Senior Geologist, Watts, Griffis and McOuat Ltd., a Qualified Person in accordance with the Canadian regulatory requirements as set out in NI 43-101.