MAVERIX
METALS INC.

# MAVERIX METALS INC. (FORMERLY MACMILLAN MINERALS INC.)

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED JUNE 30, 2016**

**FORM 51-102F2**

**<u>DATE OF REPORT: AUGUST 25, 2016</u>**

## Overall Performance

### General

This Management's Discussion and Analysis is provided for the purpose of reviewing the three month and nine month periods ended June 30, 2016 and comparing results to the previous periods. This Management's Discussion and Analysis should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and corresponding notes for the nine months ended June 30, 2016. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and all monetary amounts are expressed in Canadian dollars unless otherwise indicated in the notes to the consolidated financial statements.

This Management's Discussion and Analysis is prepared as of August 25, 2016. Any of the scientific and technical information has been prepared or reviewed by William Hamilton, P.Geo., a consultant for the Company. The information as provided regarding exploration activities at the Cerro de Oro Project are from information as reported to the Company by Minera Peñasquito S.A. de C.V. ("Minera Peñasquito"). Mr. Hamilton is a Qualified Person within the meaning of National Instrument 43-101. Additional information relevant to the Company's activities can be found at www.sedar.com.

### Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis constitutes as forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties, and other factors which may cause the actual results or performance of achievements of the corporation to be materially different from actual future results and achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking statements while considering the risk set forth below.

### Description of Business

Maverix Metals Inc. (formerly MacMillan Minerals Inc.) (the "Company") was incorporated on September 5, 2008 for the purpose of completing the spin out transaction with MacMillan Gold Corp. On May 23, 2012, the Company began trading on the TSX Venture Exchange under the symbol "MMX". The Company has been engaged in the exploration and development of mineral properties in Mexico. On July 11, 2016 the Company completed a plan of arrangement with Pan American Silver Corp. and Maverix Metals Inc. (a private British Colombia company), please refer to the Subsequent Event section with this MD&A, which fundamentally changed the nature of the Company's business from mineral exploration to a focus on the management and acquisition of net smelter royalties and metal streams.

The results for the three and nine month periods ended June 30, 2016 still represent periods where the Company was solely engaged in exploration and are not representative of the subsequent change in the Company's business.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable resources, the achievement of profitable operations, or the ability of the Company to raise alternative financing, or upon the Company's ability to dispose of its interests on an advantageous basis. The Company's exploration property interests are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

Concession fees for the Company's properties held in Mexico are due semi-annually in January and July each year. The Company has accrued for the cost of any outstanding concession fees that are due from July 2013 and onwards plus a provision for penalties and inflation adjustments. Except as noted below, these fees remain outstanding. The titles to most concessions are therefore at risk of termination by government authorities. The Company has received confirmation from Minera Peñasquito that the concession fees on the Cerro de Oro Properties under option to them have been paid and are current to June 30, 2016.

Prior to the Company's participation in the plan of arrangement, its continuance as a going concern was dependent upon its near future ability to obtain adequate financing or to reach profitable levels of operation. Management believed that if sufficient additional working capital was not obtained in the very near future from public share offerings or alternative financing sources, the Company would not be able to meet liabilities and commitments as they became due.

The Company did not have any legal proceedings or contingent liabilities at June 30, 2016, and is not in default under the provisions of any debt or other contractual obligations. The Company is not in breach of any corporate, securities or other laws.

**Exploration Properties**

*Cerro de Oro Project*

In November 2013, the Company entered into a property option agreement with Minera Peñasquito, a wholly owned subsidiary of Goldcorp Inc. Minera Peñasquito has met all obligations to earn an initial 51% interest in the Cerro de Oro Project, pending their official notification to exercise such right, by having made payments to the Company of US$100,000 and by having made exploration expenditures in excess of US$1,500,000 in the initial three years. Minera Peñasquito has the option to increase its interest to 70% by spending an additional minimum US$500,000 (reported as spent) and by completing a Mineral Resource Estimate written in accordance with the rules of National Instrument 43-101. The agreement provides that the semi-annual concession fees are the responsibility of Minera Peñasquito. The Company has received confirmations that all outstanding concession fees on the Cerro de Oro concessions have been paid and are current to December 31, 2016.

The mining concessions of the Company which have been optioned by Goldcorp are located in the northern part of Zacatecas state, Mexico, southeast of the town of Mazapil, and southwest of Concepción del Oro, Zacatecas. The project area is located between the following UTM coordinates: 2717500N, 244500E and 2723000N, 253500E. They comprise 4 concessions totaling 2,695.2 hectares.

Minera Peñasquito report that shortly after the signing of the Option Agreement with the Company, two geophysical contractors were selected and contracted to conduct airborne (helicopter) geophysical surveys over a large area, including the MacMillan concessions at Santa Rosa. The contractors selected were GEOTECH Ltd. (for ZTEM electromagnetics, magnetometer, and radiometrics surveys) and CGG Airborne Services Ltd. (for HeliFALCON gravimetry and magnetometer surveys). Contracts were completed with these two contractors during the 4th Quarter of 2013 and contractor equipment and personnel were mobilized to the site.

Minera Peñasquito reports that both contractors completed the collection of airborne geophysical data during the first three months of 2014. The helicopter surveys consisted of E-W flight lines for data collection, a few north-south tie lines, and finally the generation of gravity, magnetics, EM, and radiometrics maps by the geophysical contractors. In addition, previous drill-hole results were reviewed from reverse-circulation (RCDH) and core (DDH) drill holes completed by the Company on the Cerro de Oro Project, now called the Santa Rosa Project by Minera Peñasquito. Semi-detailed geologic mapping was conducted during this period and the intrusive rock units were classified. Geological cross sections were constructed and a geological model was developed from the results of this mapping, previous drilling, and interpretations of the geophysical data. During this period, an initial surface diamond drilling plan was formulated by Minera Peñasquito personnel, including several deep holes. Initial work for an Environmental Impact Report (Informe Preventivo de Impacto Ambiental) was also begun.

For the period from April 1 to June 30, 2014 Minera Peñasquito further report that a consultant was contracted to complete the Informe Preventivo de Impacto Ambiental (IPIA-(environmental impact study)) for the project. Upon completion, it was submitted for approval to SEMARNAT, the Mexican agency responsible for these activities. The IPIA was accepted by SEMARNAT, and permission was authorized for initiation of drilling activities. Minera Peñasquito additionally report that also during this period, personnel from Peñasquito's Community Relations Department (CSR) held meetings with the authorized representatives of the two ejidos affected to seek the required permissions to cross their surface lands, mainly on existing roads.

During the quarter from July 1 to September 30, 2014, Minera Peñasquito report that a revised drilling proposal was developed during the quarter, with shallower holes of intermediate depth. This drilling proposal was supported by interpretations of the geophysical data, recent geological mapping, all of the previous geochemical data, and

previous drill-hole information.

The Peñasquito CSR Department was successful in obtaining permission for use of the roads crossing ejido lands. Ejido refers to an area of communal owned lands.

During the period from November 2013 to December 2015, Minera Peñasquito report that expenditures in excess of US$3,100,000.00 have been incurred on the mining claims optioned from the Company.

The initial 2015 diamond drill program completed 3,166.35 metres in six holes to test skarn, manto, structural, and breccia targets.

| Drill Hole | Azimith | Inclination | Depth (M.) |
|---|---|---|---|
| SRD-13 | 38 | -60 | 258.2 |
| SRD-14 | 165 | -60 | 695.4 |
| SRD-15 | 155 | -60 | 561.15 |
| SRD-16 | 45 | -60 | 364.50* |
| SRD-17 | 325 | -60 | 634.40 |
| SRD-18 | 335 | -60 | 652.70 |

*Drill hole was suspended at 364.50 metres short of target depth and has been collared and cased ready for potential re-entry

Minera Peñasquito report that data generated by the recent drilling program is currently being evaluated and that follow-up drilling is anticipated, but has not yet been defined. All drill-hole core assays are being performed at certified independent laboratories. Assays are being completed by ALS Chemex. Minera Peñasquito has provided a drill hole file with all drill hole collar and down hole survey information as well as all assays and geologic logs.

The information regarding the 2015 drill program and recent exploration activities at the Cerro de Oro is from information as reported to MacMillan by Minera Peñasquito S.A. de C.V. for the quarters ended December 31, 2015 and March 31, 2016.

During the most recent quarter ended June 30, 2016 Minera Penasquito reported that very limited direct exploration work was carried out at the Santa Rosa project and that discussions were being held with the local Ejido communities to try to re-establish access to the project area.

*Las Cucharas Project*

The Las Cucharas Properties are located within the Municipality of Huajicori, at the north end of the State of Nayarit in west-central Mexico. The Company has been granted a number of concessions collectively referred to as the Las Cucharas Project. The Las Cucharas Project covers a series of generally northwest trending gold and silver-bearing vein structures which mainly occur within a six kilometre long by two kilometre wide mineralized corridor. The Company has conducted systematic field-work including geological mapping and geochemical surveys. All required land use agreements and environmental permitting were in place to allow exploration activities including trenching and drilling.

Additional information regarding the Las Cucharas Project is available in a Technical Report dated February 27, 2012 written by R.A. Lunceford, M.Sc. CPG, titled Geological Report and Summary of Field Examination, Las Cucharas Project as filed on SEDAR on March 29, 2012.

In May 2013, the Company was very pleased to announce that it had received the title documents for each of the five concessions being sought by the Company. Applications for these five concessions were originally filed by the Company through the normal staking process. Due to competing applications filed by other interested parties on the same day as these claims became available for staking, the concessions became subject to the regulatory lottery process. These five concessions were awarded to the Company as the winner of this lottery process.

The five concessions covered an area of 1,036 hectares in the state of Nayarit. These concessions were then added to the Company's Las Cucharas Project. The Company was then able to report on four diamond drill holes completed on two of the various target zones identified within the area covered by these five newly titled concessions.

*La Violetta Project*

The La Violetta, the Palmira, and the Chino Gordo properties are collectively referred to as the La Violetta Project. These properties were optioned to Lake Shore Gold Corp. ("Lake Shore" formerly West Timmins Mining Inc.) in November 2007. Lake Shore had issued 219,000 common shares to the Company as at September 30, 2009. In March 2010, Lake Shore and the Company signed a Letter Agreement amending the terms of the property option. In May 2010, Lake Shore issued the remaining 146,000 common shares in exchange for an immediate 70% interest in the properties under option. The property titles have been transferred to Lake Shore subject to a 30% joint venture interest by the Company. Lake Shore was appointed the operator of the joint venture and is responsible for all costs until a bankable feasibility study is completed on a mineral resource defined at least in part on the properties under option.

In November 2011, the Company signed an agreement allowing the rights of West Timmins Mining Inc. and Lake Shore Gold Corp. to be assigned to Revolution Resources Corp. ("Revolution").

On January 30, 2013, Lake Shore announced that it was selling 100% of its Mexico portfolio to Revolution. This portfolio included the La Violetta Project. Revolution has agreed that it will remain responsible to abide by the terms of the property option agreement which provides that MacMillan Minerals Inc. maintains a 30% carried interest and that Revolution is responsible for all costs until a bankable feasibility study is completed on a mineral resource defined at least in part on the La Violetta properties under option.

Revolution is responsible for the semi-annual concession fees required to be made to maintain the claims comprising the La Violetta Project.

**Exploration Expenditures**

The following table sets forth the cumulative exploration expenditures as at June 30, 2016 and September 30, 2015.

| | Las Cucharas Project | Other Mexico Exploration Projects | Total Exploration Expenditures |
|---|---|---|---|
| | $ | $ | $ |
| **Balance, September 30, 2014** | **2,384,782** | **79,699** | **2,464,481** |
| Exploration expenditures | | | |
| Geologists and other labour | 1,417 | 757 | 2,174 |
| Field | 4,287 | 4,088 | 8,375 |
| Land holding costs | 89,000 | 30,000 | 119,000 |
| For the year ended September 30, 2015 | **94,704** | **34,845** | **129,549** |
| | | | |
| **Balance, September 30, 2015** | **2,479,486** | **114,544** | **2,594,030** |
| Exploration expenditures | | | |
| Land holding costs | 40,533 | 15,000 | 55,533 |
| For the nine months ended June 30, 2016 | **40,533** | **15,000** | **55,533** |
| | | | |
| **Balance, June 30, 2016** | **2,520,019** | **129,544** | **2,649,563** |

General and administrative expenses for each such period are as disclosed in the condensed consolidated interim financial statements for the nine months ended June 30, 2016.

**Outlook**

The Company has no immediate plans for continued exploration activities and post the plan of arrangement is now focused on activities related to being primarily a metal streaming and royalty company. The Company continues to be optimistic that Minera Peñasquito will develop a follow up drill program at the Cerro de Oro Project after completing a full evaluation of the 2015 drill program and resolving the issues they encountered with the local Ejidos.

**Selected Annual Information**

The following table summarizes selected financial data for each of the Company's last three fiscal years. The information set forth below should be read in conjunction with the audited Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and their related notes.

| | Fiscal Year Ended September 30, | | |
|---|---|---|---|
| | **2015** **$** | **2014** **$** | **2013** **$** |
| *Revenues – other income* | Nil | Nil | Nil |
| *Net loss* | 275,556 | 27,155 | 311,794 |
| *Loss per share* | 0.046 | 0.005 | 0.054 |
| *Total assets* | 56,382 | 28,580 | 43,987 |
| *Working capital* | (465,096) | (234,440) | (180,285) |
| *Total long term liabilities* | Nil | Nil | Nil |
| *Cash dividends* | Nil | Nil | Nil |

**Results of Operations**

For the nine months ended June 30, 2016, the Company reported a net loss of $262,902 compared to a net loss of $164,322 in 2015. The increase in net loss was due to an increase in general and administrative costs, and external professional and legal fees to prepare the Company to participate in the plan arrangement with Pan American Silver Corp. and Maverix Metals Inc. which completed on July 11, 2016.

**Summary of Quarterly Results**

The following table sets out selected consolidated financial information for each of the eight most recently completed quarters:

| | ***Revenue*** ***$*** | ***Net income (loss)*** ***$*** | ***Income (loss) per share*** ***$*** |
|---|---|---|---|
| *June 30, 2016* | Nil | (133,920) | (0.02) |
| *March 31, 2016* | Nil | (76,609) | (0.01) |
| *December 31, 2015* | Nil | (52,373) | (0.01) |
| *September 30, 2015* | Nil | (111,234) | (0.02) |
| *June 30, 2015* | Nil | (47,482) | (0.01) |
| *March 31, 2015* | Nil | (93,532) | (0.02) |
| *December 31, 2014* | Nil | (23,308) | (0.00) |
| *September 30, 2014* | Nil | 13,470 | 0.00 |
| *June 30, 2014* | Nil | (24,870) | (0.00) |

For the three months ended June 30, 2016, the Company reported a net loss of $133,920 compared to a net loss of $47,482 in 2015. As mentioned relative to the increase in general and administration expenses for the nine month period ended June 30, 2014, the increase in the net loss for the current quarter was due to an increase in general and administrative costs, related to the Company's participation in the plan of arrangement.

**Liquidity**

The Company's liquid assets at June 30, 2016 were valued at $16,795 (September 30, 2015 - $55,052), consisting of cash of $8,266 (September 30, 2015 - $52,917) and amounts receivable of $8,529 (September 30, 2015 - $2,135). Substantially all of the Company's cash is on deposit with accredited Canadian Chartered Banks. The Company has no exposure to asset-backed commercial paper.

**Capital Resources**

The capital of the Company consists of common shares, warrants, and stock options. The Company's objective when managing capital is to try to maintain adequate levels of funding to support the acquisition, exploration and development of exploration properties. The Company attempts to manage its capital structure in a manner that will

provide sufficient funding for operational activities. The Company and its subsidiaries are not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out any future exploration and pay for administrative costs, and land holding costs, the Company will be required to spend its liquid assets and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue to raise equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company received $150,000 from closing a private placement financing for 750,000 common shares at $0.20 per share. The proceeds were used to reduce the amounts due to the chief financial officer. The Company also received $28,500 during the current quarter from the exercise of 475,000 stock options at $0.06 per common share. The Company's shareholders' deficiency at June 30, 2016 was $549,498 (September 30, 2015 - $465,096).

**Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

Related parties include officers, the Board of Directors, and enterprises which are controlled by these individuals.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of officers and directors of the Company for the nine months ended June 30, 2016 and 2015 was as follows:

| | **2016** | 2015 |
|---|---|---|
| | **$** | $ |
| Aggregate cash compensation | **31,000** | 40,000 |

The Company granted 530,000 options to five officers and/or directors during the year ended September 30, 2015, all of which were exercised prior to June 30, 2016.

As at June 30, 2016, the Company owed $nil (September 30, 2015 - $192,738) to related parties.

**Critical Accounting Estimates**

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable

amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Estimation of decommissioning and restoration costs and the timing of expenditure
  Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential deferred tax assets
  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence.

  Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies
  In the event the Company's estimates change, the Company will recognize the effects of the changes in its financial statements on the date such changes occur.

The significant accounting policies are outlined in the June 30, 2016 condensed consolidated interim financial statements.

**New accounting standards adopted**

IFRS 8 *Operating Segments* ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IFRS 13 *Fair Value Measurement* ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 24 *Related Party Disclosures* ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 32 *Financial Instruments: Presentation* ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 36 *Impairments of Assets* ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's financial statements.

IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted. The adoption of this standard did not result in any changes to the Company's financial statements.

**Accounting standards issued but not yet adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IFRS 11 *Joint Arrangements* ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a

specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IAS 38 *Intangible Assets* and IAS 16 *Property, Plant and Equipment* were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

**Financial Risk Factors**

***Risk Management***

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There were no changes in the risks, objectives, policies and procedures during the nine months ended June 30, 2016.

***Credit Risk Management***

Credit risk relating to accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and amounts receivable.

***Liquidity Risk***

The Company prepares budgets on an ongoing basis to determine the amount of funds required to support the Company's operations and planned exploration activities. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's liquid assets at June 30, 2016 consisted of cash of $8,266 (September 30, 2015 - $52,917) and amounts receivable of $8,529 (September 30, 2015 - $2,135).

***Market Risk***

Prior to the plan of arrangement the Company's viability and potential success depended on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

The Company's ability to fund future exploration activities would have required the successful completion of financings in what are currently very difficult market conditions for completing financings for junior exploration companies. With the completion of the plan of arrangement the Company's need to complete financings for exploration has largely been removed.

***Foreign Exchange Risk***

The Company's financings are in Canadian dollars. Certain of the Company's expenses are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. As at June 30, 2016 and September 30, 2015, the Company had the following balances in foreign currencies:

| | June 30, 2016 | | September 30, 2015 | |
|---|---|---|---|---|
| | | $ | | $ |
| **Cash** | | | | |
| Mexican Peso | 8,229 MXN | 578 | 14,648 MXN | 1,161 |
| **Accounts payable** | - | - | - | - |

The Company does not undertake currency hedging activities to mitigate its foreign currency risk. If the Mexican peso denominated financial instrument balances had remained consistent throughout the period, a 10% strengthening of the Canadian dollar against the Mexican peso would have increased the loss for the nine months ended June 30, 2016 by $58.

***Interest Rate Risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Company is not exposed to significant interest rate risk.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest income during the nine months ended June 30, 2016 and 2015.

**Notes payable**

In January 2015, the Company obtained two loans of $25,000 each from two unrelated non-insider third parties. These loans were repayable on December 31, 2015 with interest at 1% per month or part month (12% per annum). These two loans of $25,000 each plus accrued interest of $3,000 each were extended effective December 31, 2015 to June 30, 2016 with interest at 1.5% per month or part month (18% per annum). These two loan renewals of $28,000 plus $2,520 of accrued interest each at June 30, 2016 were combined with the other loans to each lender and extended to July 30, 2016.

In May and June 2015, the Company received two additional loans of $50,000 and $25,000 respectively from the same two unrelated non-insider third parties. These two loans were repayable by May 31, 2016 with interest at 1% per month or part month (12% per annum). These two loans of $50,000 and $25,000 plus accrued interest of $6,500 and $3,000 respectively were extended effective May 31, 2016 to June 30, 2016 with interest at 1.5% per month or part month (18% per annum). These two loan renewals of $56,500 and $28,000 plus accrued interest of $847 and $420 respectively at June 30, 2016 were combined with the other loans to each lender and extended to July 30, 2016.

In February 2016, the Company obtained an additional $25,000 loan from one of the existing lenders. This loan plus accrued interest of $1,875 at 1.5% per month or part month (18% per annum) was repayable June 30, 2016.

All of the above loans and loan extensions maturing June 30, 2016 plus accrued interest were combined into one loan for each of the two lenders of $114,742 and $58,940 respectively with interest of 1.5% per month, or part month (18% per annum) due by July 30, 2016.

There are provisions in all the loan agreements for the interest rate to increase to 2% per month or part month (24% per annum) in the case of early repayment or an Event of Default as defined in the loan agreements. The Event of Default provisions include the sale of significant assets by the Company or the completion of financings by the Company. These loans are secured by Promissory notes which are ranked ahead of all other liabilities of the Company.

The Company has a third loan payable of $91,135 at June 30, 2016 due to Maverix Metals Inc., a private company, for funds advanced to the Company and for payments made on behalf of the Company in May and June 2016 relating to the plan of arrangement.

***Fair Value of Financial Assets and Liabilities***

The carrying values of cash, amounts receivable, notes payable and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the balance sheet are as follows:

| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
|---|---|---|---|---|
| | As at June 30, 2016 | | As at September 30, 2015 | |
| | $ | $ | $ | $ |
| Cash | 8,266 | 8,266 | 52,917 | 52,917 |
| Amounts receivable | 8,529 | 8,529 | 2,135 | 2,135 |
| Accounts payable and accrued liabilities | (318,036) | (318,036) | (396,478) | (396,478) |
| Notes payable | (256,635) | (256,635) | (125,000) | (125,000) |

**Other MD&A Requirements**

**Capital Stock**

***Authorized***

Authorized share capital as at June 30, 2016: Unlimited common shares without par value

***Securities Issued***
Securities issued during the nine months ended June 30, 2016: 1,225,000

***Common Shares Issued and Outstanding at August 25, 2016***

| | Shares # |
|---|---|
| Balance at June 30, 2016 | 7,288,330 |
| One-for-two share consolidation | (3,644,165) |
| Plan of arrangement | 75,929,091 |
| Issued under the stock option and share compensation plan | 264,600 |
| Balance at August 25, 2016 | 79,837,856 |
| Warrants granted to Pan American Silver Corp. | 20,000,000 |
| Grants under the stock option and share compensation plan | 2,907,000 |
| Fully diluted | 102,744,856 |

**Risks and Uncertainties**

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

The Company does not currently have any financial resources available and there is no assurance that additional funding will be available for future exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company, with the possible dilution or loss of such interests.

**Internal Financial Controls**

Venture issuers, as defined in National Instrument 52-109 ("NI 52-109"), are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings. In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that there are inherent

limitations on the ability of the Company's certifying officers to design and implement internal controls over financial reporting and disclosure controls and procedures on a cost effective basis.

**Change of directors and officers**
Geoff Burns, Stefan Spicer, Christopher Barnes, Rob Doyle, Christopher Emerson, and George Brown were elected to serve as directors at a meeting of the Company's shareholders held on June 17, 2016. Thomas Skimming, William Danis, and Joseph Del Campo did not stand for re-election.

Thomas Skimming, Carmen Yuen, and George Brown resigned as officers of the Company effective on July 11, 2016 which coincided with the closing of the plan of arrangement.

Dan O'Flaherty, Wayne Vincent, Oggy Talic, and Doug Ward were appointed officers of the Company.

**Subsequent Events**

**Plan of Arrangement**
The plan of arrangement (the "Arrangement") pursuant to which Maverix acquired 13 royalties, precious metals streams and payment agreements (the "Portfolio") from Pan American closed on July 11, 2016. As part of the Arrangement, the Company changed its name from MacMillan Minerals Inc. to Maverix Metals Inc. and consolidated its pre-Arrangement outstanding common shares on the basis of one post consolidation common share for each two pre-consolidation common shares. Pursuant to the Arrangement, the Company issued a total of 75,929,091 post consolidation common shares. Of this amount, Pan American received 42,850,000 common shares and 20,000,000 common share purchase warrants in exchange for the Portfolio. Following the close of the Arrangement, Maverix had a total of 79,837,856 issued and outstanding common shares. Additional information including the plan of arrangement and the Company's press release describing the plan of arrangement were filed on SEDAR June 22, 2016 and July 11, 2016, respectively, and are available at www.sedar.com.

**Stock option and share compensation plan**
Pursuant to the stock option and share compensation plan approved by shareholders at the June 17, 2016 shareholders meeting, the Company granted 2,907,000 options to officers and directors of the Company. These options are exercisable at $0.54 per share, expire in April 2021, and vest in two equal parts over two years from the date of the grant. The Board also approved the issuance of 264,600 common shares to directors as part of their compensation for director fees.

**Warrants**
The 20,000,000 warrants issued under the plan of arrangement are exercisable for five years, with one-half exercisable at USD $0.546 or CAD$0.70 per share and the other half exercisable at USD $0.78 or CAD$1.00 per share.