

BARSELE MINERALS CORP.
INTERIM REPORT TO SHAREHOLDERS
For the Six Months Ended October 31, 2015
(Expressed in Canadian Dollars – Unaudited)

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2015**

Dated: November 19, 2015

Management's Responsibility for Financial Reporting:

The accompanying financial report for the six months ended October 31, 2015 has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the interim financial report and interim MD&A (together the "interim filings") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the year covered by these interim filings, and the interim financial report together with the other financial information included in these interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these interim filings.

The Board of Directors approves the interim financial report together with the other financial information included in the interim filings and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Description of Business" with respect to management's planned exploration and other activities, and in "Liquidity", and "Corporate Summary" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Description of Business:

The Company is engaged primarily in the acquisition and exploration of exploration and evaluation mineral properties.

The Barsele Property is located 40 km southeast of the town of Storuman in VästerbottensLän, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 30 years. From 1985 to 2010, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland Resources S.A. ("Northland") completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

On October 27, 2010, Barsele's predecessor company, Orex Minerals Inc. ("Orex") announced the acquisition of the Barsele Project from Northland.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

The Central-Avan-Skiråsen (CAS) Zone at Barsele is an organic gold deposit contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared and intruded by late stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent in excess of eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

On February 28, 2011, Orex reported that an independently verified mineral resource estimate had been completed on the Barsele Property. A new estimate was also prepared at this time for the Norra volcanogenic massive sulphide deposit. On April 27, 2011, the Company filed a National Instrument 43-101 compliant technical report on SEDAR.

In May 2011, Orex initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS (“SkyTEM”) of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, the Company reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

In August 2011, Orex engaged Finland-based SuomenMalmiOy (“SMOY”) and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skiråsen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, 9 VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proven efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, the Company commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. ProtekNorr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

On November 7, 2012, Orex reported that an independent updated resource estimate had been completed on the Barsele Property by the consulting firm, Mining Plus. The study concluded that drilling to date on the Central-Avan-Skiråsen Zones, at a 0.6g/t cut-off, outlined an Indicated Resource of 14.1 million tonnes grading 1.21 g/t gold for 547,000 contained ounces of gold. In addition, the study estimated additional Inferred Resources of 20.2 million tonnes grading 0.97 g/t gold for 627,000 contained ounces of gold. The resource estimate was performed to a depth of 300 metres, although gold mineralization is known to occur below this depth.

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Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

A new estimate was not prepared for the Norra volcanogenic massive sulphide deposit. In February 2011, a resource estimate at a 0.6g/t Au cut-off outlined an Indicated Resource of 110,000 tonnes grading 3.13 g/t gold, 30.27 g/t silver, 0.53% copper and 0.72% zinc. The study also estimated additional Inferred Resources of 310,000 tonnes grading 1.62 g/t gold, 12.69 g/t silver, 0.26% copper and 0.42% zinc.

At least three other target areas of known gold and/or base metal mineralization have been reported from the various generations of regional exploration outside the CAS Zone and Norra Zone. Further exploration is also warranted in these zones.

In fiscal 2013, Orex reached an alternative payment arrangement with BarseleGuld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

- (a) Upon receipt of TSX Venture Exchange approval, US\$250,000 in cash and 4,000,000 common shares of Orex.
- (b) On or before December 31, 2013, US\$1,750,000 in cash.

Finally, on October 21, 2013, the terms were altered in that the deferred consideration valued at \$3,974,406 was settled. The value of \$3,974,406 was an increase of \$150,374 from April 30, 2013 due to interest expense of \$64,833 and foreign exchange of \$85,541. The balance was settled with the issuance of 7,500,000 shares of Orex valued at \$1,912,500, and cash of \$257,615 (USD 250,000). As a result Orex recorded a gain on settlement of deferred consideration in the amount of \$1,804,291. Closure of this amended agreement, giving Orex 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

Total drilling to date on the Barsele Project equals 49,809 metres in 414 drill holes.

On February 23, 2015, Orex announced a Letter of Intent for a joint venture on the Barsele Project with Agnico Eagle Mines Ltd. ("Agnico Eagle"). On August 6th 2015, Orex announced an arrangement agreement to spin out its interest in the Barsele Project to a wholly-owned subsidiary Barsele Minerals Corp. ("the Company"). Completion of the spin out was announced on September 25, 2015. Orex retains a two percent (2%) net smelter royalty on the Barsele project.

On September 25, 2015, the Company was transferred from Orex, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV"). The project is now a joint venture transaction with Agnico Eagle Mines Limited with respect to the Company's Barsele Project. As part of the joint venture agreement, Agnico Eagle has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Project, if it completes a pre-feasibility study.

On October 20th, 2015, the Company announced that an exploration program for the Barsele Project had been approved by Agnico Eagle and the Company, with Agnico Eagle serving as operator, under the guidance of a joint venture technical committee. The 2015 exploration budget totals approximately US\$ 3.25 million and commenced immediately upon announcement.

Diamond drilling around the existing resource areas, plus along down-plunge extensions will total approximately 12,300 metres utilizing four drilling rigs. Additional trenching structural mapping, till sampling, hyperspectral imaging, plus metallurgical and environmental studies are also underway.

Ben Whiting, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

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Results of Operations for the Six Months Ended October 31, 2015 and year ended April 30, 2015:

The Company is in the business of exploring for precious metal deposits. The Company had not conducted any operating activities until the second quarter October 31, 2015. As at April 30, 2015 the Company was inactive.

During the second quarter of fiscal 2016, the Company incurred exploration expenses amounting to \$2,222.

General operating costs totalled \$49,211 for the second quarter of fiscal 2016. These costs primarily included share-based compensation of \$25,758 and professional fees of \$7,650.

The Company did not conduct any operating activities for the six months ended October 31, 2014, therefore, there are no comparative figures.

In summary, the loss in the second quarter of fiscal 2016 amounted to \$51,433 or \$0.00 per share.

Selected Annual Financial Information:

	For the Year Ended April 30, 2015	For the Year Ended April 30, 2014	For the Year Ended April 30, 2013
Total revenues	Nil	Nil	N/A
Loss and comprehensive loss for the year:			
(i) total for the year	\$ -	\$ -	N/A
(ii) loss per share – basic and diluted	-	-	N/A
Net loss:			
(i) total for the year	-	-	N/A
(ii) loss per share – basic and diluted	-	-	N/A
Total assets	1	1	N/A
Total long-term financial liabilities	-	-	N/A
Cash dividends declared per-share	Nil	Nil	N/A

Selected Quarterly Financial Information:

	Revenues	(Loss) Gain for the period	(Loss) Gain per share
2 nd Quarter ended October 31, 2015	Nil	\$(51,433)	\$0.00
1 st Quarter ended July 31, 2015	Nil	\$-	\$-
4 th Quarter ended April 30, 2015	Nil	\$-	\$-
3 rd Quarter ended January 31, 2015	Nil	\$-	\$-
2 nd Quarter ended October 31, 2014	Nil	\$-	\$-
1 st Quarter ended July 31, 2014	Nil	\$-	\$-
4 th Quarter ended April 30, 2014	Nil	\$-	\$-
3 rd Quarter ended January 31, 2014	Nil	\$-	\$-

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Outstanding Share Data:

The Company had 103,290,199 common shares issued and outstanding.

Liquidity:

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

As per note 4 of the notes to the condensed interim financial statements, the Company received \$500,000 on completion of the arrangement, which is expected to fund all of its corporate sustaining costs for the next two years. Further, the joint venture operator is committed to fund up to US \$7,000,000 in exploration expenditures over this period.

Capital Resources:

The Company considers its capital structure to be shareholder equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and relies primarily on the funds derived from the spin-out and future equity financings to meet its capital requirements.

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

Plan of arrangement

On September 25, 2015, the Company announced approval of their plan of arrangement (the "Arrangement") pursuant to which all of the common shares of the Company (the "Company Shares") were distributed (the "Spinout") to the shareholders of Orex Minerals Inc. shareholders (the "Orex Shareholders"). Immediately prior to the Spinout, Orex Minerals Inc. ("Orex") transferred to the Company Orex's 45% interest in the Barsele gold project located in Sweden (the "Barsele Project"), \$500,000 in cash and all of Orex's right, title and interest in and to, and all of its benefits and obligations under, the joint venture agreement (the "JV Agreement") dated June 11, 2015 among Orex, Agnico Eagle Sweden AB and certain other parties. Orex retained all of the other assets held by Orex immediately prior to the Arrangement.

Under the Arrangement, each common share of Orex (an "Old Orex Share") outstanding immediately before the effective time of the Arrangement (the "Effective Time") was exchanged for one new common share of Orex (a "New Orex Share") and one Company Share. Also under the Arrangement, outstanding options and warrants of Orex to purchase Old Orex Shares were exchanged for options and warrants, respectively, of both Orex and the Company to purchase New Orex Shares and Company Shares, as applicable. As a result of the Arrangement, existing Orex Shareholders maintained their interest in Orex and obtained a proportionate interest in the Company by receiving all of the issued and outstanding New Orex Shares and Company Shares immediately upon completion of the Arrangement.

In connection with the assignment of the JV Agreement to the Company under the Spinout, Orex was released from substantially all of its obligations under the JV Agreement, other than liabilities arising in respect of conduct that occurred prior to the assignment and Orex's obligations to provide its proportionate share of funds to Gunnarn Mining AB ("Gunnarn"), the company that holds the Barsele Project, to satisfy environmental and other obligations of Gunnarn that arose out of activities conducted prior to such assignment.

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Exploration and evaluation assets

On September 25, 2015, the Company was transferred from Orex a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”). The project is a joint venture transaction with Agnico Eagle Mines Limited (“Agnico”) with respect to the Company’s Barsele Project. As part of the joint venture agreement, Agnico has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity which owns the Project if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico Eagle has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

	October 31, 2015
Current assets	\$ 137,997
Non-current assets	37,186
Current liabilities	-
Loss for the period	(514,804)
The Company’s ownership %	45%
The Company’s share of loss for the period	\$ Nil

As at October 31, 2015, the Company’s investment in Barsele JV was \$1. The Company’s unrecognized share of the loss for the period from June 11, 2015 to September 30, 2015 was approximately \$231,662 and, the Company’s accumulated unrecognized share of loss was approximately \$231,662. The Company has a minority position on the board of its associated company and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Related Party Transactions:

During the six months ended October 31, 2015, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Six months ended October 31, 2015	Six months ended October 31, 2014
Management fees	\$ 4,640	\$ -
Total	\$ 4,640	\$ -

	Six months ended October 31, 2015	Six months ended October 31, 2014
Administration fees (to a Company controlled by the CEO)*	\$ 7,128	\$ -
Geological consulting fees	2,222	-
Total	\$ 9,350	\$ -

*Administration fees paid to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, and accounting and administration staff to the Company.

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Changes in Accounting Policies Including Initial Adoption:

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements:

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2013. IFRS 9 has a tentative effective date of January 1, 2018.

Financial and Capital Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Fair value of financial instruments

The Company has various financial instruments including cash and receivables. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables approximates its fair values due to the short-term maturity of the financial instrument.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

(c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

The Company believes its liquidity risk is low.

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Financial and Capital Risk Management (continued):

(e) Foreign exchange risk

The Company's exposure to foreign currency risk is on its cash, receivables, accounts payable and accrued liabilities. At July 31, 2015, a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and US dollar would have a negligible effect on loss and comprehensive loss; a hypothetical change of 10% in the foreign exchange rate between the Canadian dollar and the Swedish Krona would have a negligible effect.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

The Company believes its price risk is low

(h) Capital management

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.