

APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended March 31, 2017

APPIA ENERGY CORP.

Management's Discussion and Analysis – March 31, 2017 As of May 30, 2017

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 six months ended March 31, 2017. The MD&A was prepared as of May 30, 2017 and should be read in conjunction with the unaudited condensed interim financial statements ("Financial Statements") for the three and six months ended March 31, 2017 and the audited financial statements of the Company for the year ended September 30, 2016, 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 is a Canadian mineral exploration company listed on the Canadian Securities Exchange under the trading symbol "API" and has a primary focus on Uranium and Rare Earth Elements.

On March 2, 2017 the Company appointed James Sykes as Vice-President Exploration and Development. James has had direct and indirect involvement with the discovery of over 350 million pounds of U₃O₈ in five deposits in the Athabasca Basin. The Company currently holds an interest in 63,607 hectares (157,177 acres) in Saskatchewan, primarily in the Athabasca Basin.

In Ontario, Appia controls 13,008 hectares (32,143 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario, including National Instrument 43-101 ("NI 43-101") reported resources at Teasdale Lake and Banana Lake. The Elliot Lake area has produced over 300 M lbs. of U₃O₈ and is the only mining camp in Canada with significant historical commercial REE production.

On December 30, 2016 the Company closed a non-brokered private placement of 1,301,000 flow-through shares at \$0.18 per share for proceeds of \$234,180.

On January 23, 2017, the Company closed a non-brokered private placement with the sale of 5,000,000 working capital units ("WC Units") at \$0.20 per WC Unit for gross proceeds of \$1,000,000. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.30 per WC Warrant Share until the earlier of: three years from closing date; and in the event that the closing price of the Common Shares on the Canadian Securities Exchange is at least \$0.60 for twenty consecutive trading days, and the 20th trading day is at least four months from the closing date, the date which is thirty days from the final trading day.

On January 30, 2017, the Company completed the final tranche of the non-brokered private placement with the sale of 405,000 WC Units at \$0.20 per WC Unit for gross proceeds of \$81,000.

On March 23, 2017, the Company completed a first tranche of a non-brokered private placement with the sale of 1,442,071 WC Units at \$0.35 per WC Unit for gross proceeds of \$504,725. Each WC Unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.50 per WC Warrant Share until March 24, 2019.

On April 5, 2017, the Company closed a non-brokered private placement with the sale of 392,858 working capital units ("WC Units") at \$0.35 per WC Unit for gross proceeds of \$137,500. Each WC Unit consists of one common

share and one common share purchase warrant entitling the holder to purchase one common share at a price of \$0.50 per WC Warrant Share until April 5, 2019.

The proceeds of these private placements are intended to be used for drilling the Loranger property, for exploration on the Otherside property and for working capital purposes.

Saskatchewan

Athabasca Basin

Two new groups of mineral claims in the Athabasca Basin were acquired by staking in March 2016. The “Loranger” and the “Otherside” properties were staked because of their similar geological and signatures to known high-grade, high-tonnage uranium deposits in the Basin: Fission Uranium Corp.’s Triple R deposit, NexGen Energy’s Arrow deposits, and others.

The Loranger property is located 28 km southeast of Cameco’s Rabbit Lake mill and comprises 30,725 ha. (75,923 acres), centred on 4 individual conductors with an aggregate length of 96 km of which 94 km is untested. The property is hosted within the basement rocks of the Wollaston Domain, near the deposit rich eastern margin of the Basin.

The Otherside property comprises 21,868 hectares (54,307 acres), straddles a 40 km-long corridor hosting multiple discrete conductors with associated magnetic gradients and gravity lows, within the north central Athabasca Basin.

On April 12, 2017 the Company reported the completion of the first seven holes of the diamond drilling program and on May 24 the geochemical assay results were reported (news release May 24, 2017). Six of the seven holes returned assays equal or greater than 0.01 wt% U₃O₈. A follow-up drill program on the Property to concentrate on geophysical targets that share similarities with the drilled areas is planned.

Appia also intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status.

Alces Lake

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.

Geotech Ltd.’s 154 line-kilometre helicopter-borne geophysical and radiometric surveys flown in June 2016 over the Alces Lake Property has outlined extensive radioactive anomalous areas similar to those with known areas of uranium and REE mineralization, providing input for geological interpretations of the Property. Follow-up surface work is intended during the summer of 2017.

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.

Exploration and Evaluation Assets

Saskatchewan Properties:

Beginning in fiscal 2011, the Company participated in staking properties in Saskatchewan, with a significant addition of the Loranger and Otherside properties in 2016.

The Company currently holds a total of 63,607 hectares (157,177 acres) in Saskatchewan

Athabasca Basin

The “Loranger” and the “Otherside” properties were staked in March 2016, because of their similar geological and signatures to known high-grade, high-tonnage uranium deposits in the Basin: Fission Uranium Corp.’s Triple R deposit, NexGen Energy’s Arrow deposits, and others.

The Loranger property comprises 30,725 hectares (75,923 acres), centred on 4 individual conductors with an aggregate length of 96 km of which 94 km is untested. The property is hosted within the basement rocks of the Wollaston Domain, near the deposit rich eastern margin of the Basin. Included in the Loranger property is an additional 5,969 hectares (14,750 acres) immediately contiguous to the area originally staked, covering a 20 km aeromagnetic and electromagnetic trend extending to the southwest and hosting 12 km of sub-parallel conductors identified in an earlier airborne survey.

The Otherside property comprises 21,868 hectares (54,307 acres), straddles a 40 km-long corridor hosting multiple discrete conductors with associated magnetic gradients and gravity lows, within the north central Athabasca Basin.

In October 2016 Geotech Ltd. flew a 715 line-kilometre VTEM™ Max Time-Domain electromagnetic (“EM”) and magnetic survey over the Loranger property to better define the conductive zones that were identified in a 1978 Barringer/Questor airborne Mark VI Input EM survey.

The survey identified 94 km of primary northeast-southwest oriented structural corridors, occurring over a 33 km strike length of the Property, sharing similar geophysical characteristics with a number of Athabasca Basin high-grade uranium deposits (“**uranium deposits**”).

Conductive zones account for 68 km of the primary structural corridors (>0.1 milliseconds), and 28 km of those conductive zones are considered very conductive (i.e. > 1.0 milliseconds).

The airborne survey also outlined a series of north-south oriented structures, known as the Tabbernor fault system. A major Tabbernor fault offsets the property geology along both sides of the fault by 6 to 8 km. Many other uranium deposits have associations with the Tabbernor fault system, most notably UEX’s Raven-Horseshoe and Cameco’s Collins Bay deposits.

On February 23, 2017 the Company reported the completion of ground gravity surveys covering 45.2 km of priority exploration areas on the Loranger property identified by gravity lows coincident with previously defined conductive structural corridors and cross-cutting North-South oriented Tabbernor faults. The combination of gravity lows, conductor jogs and/or breaks, and cross-cutting faults are features associated with Athabasca uranium deposits.

Drilling commenced on March 6, and on April 12, the Company reported the completion of the first seven holes totalling 1,461 metres before work stopped as the ice-road accessing the property was declared unsafe. Geochemical assays were reported on May 24.

Geochemical assay results from drill hole LOR-17-004 returned a total composite down-hole thickness of 72.9 m grading 0.012 wt% U₃O₈. Drill hole LOR-17-005 was drilled 150 m down-dip of LOR-17-004 and returned 26.4 m composite down-hole thickness grading 0.014 wt% U₃O₈. Drill holes LOR-17-006 and LOR-17-007 were drilled 600 m and 1025 m SW along strike of LOR-17-004, respectively. LOR-17-006 intersected 56.85 m composite down-

hole thickness grading 0.012 wt% U₃O₈ and LOR-17-007 intersected 10.3 m composite down hole thickness grading 0.016 wt% U₃O₈.

Drill holes LOR-17-004 to LOR-17-007 were drilled in the historical Royal Canadian Ventures Grid No. 2 drilling area (“RCV area”). The RCV area has multiple lenses of uranium-bearing pegmatites extending from surface down to current vertical depth limit of 260 m and extending over 2,200 m along strike. The RCV area pegmatites remain open in all directions. See the news release dated May 24 on the Company’s website www.appiaenergy.ca for drill hole locations and cross-section interpretation of drill holes LOR-17-004 and LOR-17-005.

The first three drill holes of the Program (LOR-17-001 to LOR-17-003) were drilled in a gravity low target area represented by intense brittle faulting and associated hydrothermal alteration. Drill hole LOR-17-001 intersected 0.011 wt% U₃O₈ over 0.25 m at 211.0 m drill hole depth in unaltered pegmatite and LOR-17-003 intersected 0.010 wt% U₃O₈ over 1.3 m at 98.6 m drill hole depth in clay altered semipelitic gneiss. In addition to U₃O₈, all gravity low target drill holes contain elevated boron (up to 404 ppm in LOR-17-002) throughout the faulted and altered zones. Elevated levels of boron (>100 ppm) are associated with some high-grade uranium Athabasca deposits and can be considered a critical element for Athabasca uranium exploration.

A follow-up drill program on the Loranger property to concentrate on geophysical targets that share similarities with the drilled areas is being planned. The drill is onsite and will be ready for a quick re-start as soon as lake ice is gone and ground conditions are favourable.

Appia also intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status.

Alces Lake (90% interest)

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 1,518 hectare (3,751 acres) 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.

Geotech Ltd.’s 154 line-kilometre helicopter-borne geophysical and radiometric surveys flown in June 2016 over the Alces Lake Property outlined extensive radioactive anomalous areas similar to those with known areas of uranium and REE mineralization, providing input for geological interpretations of the Property. The magnetic survey delineated a large magnetic high area which includes the trenches worked in 2010 and the Ivan Zone outcrops sampled in 2013. A positive correlation between the magnetic data and numerous radiometric anomalies suggest that the uranium and REE mineralization host-rock is widespread beneath the overburden cover. These survey results will prioritize future surface mapping and sampling programs as well as defining the sub-surface extent of the uranium and REE mineralization observed at surface. (Please refer to the July 19 news release for more details and an internet link to geological maps of the interpreted survey results from this program.) Follow up surface work is intended in the summer of 2017.

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 U₃O₈ 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 ₃ O ₈ (lbs/ton)	Average Thickness (m)	Contained TREE ('000 lbs)	Contained U ₃ O 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 U₃O₈, 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/m³ (or 3.14 tons/m³) 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 U₃O₈ Estimates on Appia's Elliot Lake Properties

<u>Zone</u>	<u>Quantity</u> (tons)	<u>Grade</u> (lbs U ₃ O ₈ /ton)	<u>Contained U₃O₈</u> (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	<u>7,000,000</u>	<u>1.86</u>	<u>13,020,000</u>
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 U₃O₈, 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 ₃ O ₈ /ton	Total lbs U ₃ O 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. U₃O₈ was used
 6. Specific Gravity of 2.85 tonnes/m³ (or 3.14 tons/m³) 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.

Outlook

Seven of the 15 hole diamond drilling program on the Loranger property have been completed, with work expected to resume as soon as the ice and ground conditions permit. Funds are available to finance the program.

Appia also intends to carry out ground geophysical surveys and resistivity surveys over the primary target areas within the Otherside property in order to elevate the property to drill-ready status.

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

The 2012 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 tsunami in Japan resulted in the shut-down of all of its 48 nuclear reactors, resulting in a severe drop in uranium prices. 36 reactors in all are expected to be restarted, but progress is slow. There are currently 64 reactors reported to be under construction around the world. A reactor start-up requires twice as much uranium in its first year of operation and normal industry practice is to build up a stockpile to ensure a seven year supply on start-up, but with the spot price of uranium less than US\$25 per pound, operators have adopted a wait-and-see attitude on pricing, and are not rebuilding their stockpiles to "normal" levels. Japan is reported to have 130 million pounds of uranium stockpiled, enough to power all of Japan's reactors for six years.

The United Nations climate agreement, as well as severe air pollution issues in China are factors in building 6 to 8 new nuclear power reactors a year in China in order to reduce the use of coal, which is currently used to supply 70% of its electricity.

World deliveries of uranium under long-term contracts averaging US\$40.50 are reaching expiry dates. The World Nuclear Association recently stated that uranium supply and demand is expected to be in balance for the next several years.

Kazatomprom, Kazakhstan's largest uranium producer, has cut its 2017 production by 10%, which removes 5.2 million pounds from the 2017 previously estimated production surplus of 11.5 million pounds. As Kazatomprom's production has largely been sold at the spot price; the reduction of production should have a beneficial effect on the currently depressed spot price.

The US Government Accountability Office, ("GAO") released a report in 2016 indicating that the Department of Defense has not addressed defining which of the REEs are critical regarding supply, although at various times 15 of the REEs have been identified as critical for weapon-related applications by the military. The Department of Defense has agreed with the GAO to identify which rare earths are critical, and work toward a department-wide strategy for securing its REE supply chain.

China controls most of the world supply of REEs, but is not expected to be able to supply its own requirements in the foreseeable future. Current mine production is less than consumption. Demand is expected to increase by 58% by 2020, with known supply sources not able to meet this demand.

Appia's successful recent financings will fund the proposed exploration work in the current calendar year in Saskatchewan, and Appia will monitor market conditions for completing additional financing and/or seek a joint venture partner in order to further advance the exploration and development activities on its Saskatchewan and Elliot Lake properties.

Results of Operations

Exploration expenses incurred for the three months ended March 31, 2017 were \$501,087, nearly all in the Athabasca Basin Area of Saskatchewan, compared to \$17,679 for the same period in 2016 including Ontario and \$656,582 for the six month period (2016 - \$24,024). The refund of \$17,029 from Saskatchewan received in 2017 was for 2016 exploration costs (2016 - \$21,209 for 2015 exploration costs). In addition to exploration costs, \$1,609 was spent staking the additional groups of claims in Saskatchewan in 2017.

Total general and administrative expenses for the three months ended March 31, 2017 were \$467,425 compared to \$41,966 in the same period in 2016. The increases in shareholder communication and investor relations to \$125,884 (2016 - \$5,200), professional fees to \$14,317 (2016 - \$3,512) and non-cash share-based compensation for consultants to \$275,612 (2016 - \$nil) account for most of the difference.

Total general and administrative expenses for the six months ended March 31, 2017 were \$553,678 compared to \$89,634 in the same period in 2016. The increases in shareholder communication and investor relations to \$160,049

(2016 - \$12,549), professional fees to \$68,613 (2016 - \$53,800) and non-cash share-based compensation for consultants to \$277,999 (2016 - \$nil) account for most of the difference. The Company continues to cut administrative costs where possible.

The Company's net loss and comprehensive loss for the three and six months ended March 31, 2017 was \$950,473 and \$1,207,148 compared with \$58,452 and \$90,131 in 2016.

Selected Quarterly Information – restated as outlined in Note 2 to the Financial Statements

2016-2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
	\$	\$	\$	\$
Net loss and comprehensive loss	(950,473)	(256,676)	(120,217)	(99,722)
Net loss per share – basic and diluted	(0.02)	(0.01)	(0.00)	(0.00)
Total assets	2,812,152	1,701,108	1,672,908	1,574,725
2015-2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
	\$	\$	\$	\$
Net loss and comprehensive loss	(58,452)	(31,680)	(45,941)	(53,728)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	1,406,464	1,451,420	1,450,813	1,478,181

Capital Resources and Liquidity

At March 31, 2017, the Company had working capital of \$1,021,177 (after providing for \$684,477 owing to related parties) compared to working capital of \$226,999 as at September 30, 2016 and approximately \$971,000 at May 30, 2017. The Company has no operating revenue and has historically been funded with equity based private placements. The Company's future 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, excluding exploration costs or amounts due to related parties, are currently approximately \$11,000 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

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares

	Number	Amount
	#	\$
Balance, September 30, 2015	41,616,078	7,835,123
Working Capital Units private placement June 27, 2016	1,315,000	263,000
Working Capital Units private placement September 8, 2016	75,000	15,000
Flow - through Units private placement September 8, 2016	750,000	150,000
Broker compensation shares issued	35,000	(3,393)
Less: Value associated with warrants issued	-	(104,295)
Share issue costs	-	(5,406)
Balance, September 30, 2016	43,791,078	8,150,029

Flow - through shares private placement December 30, 2016	1,301,000	234,180
Working capital units private placement January 23, 2017	5,000,000	1,000,000
Working capital units private placement January 27, 2017	405,000	81,000
Working capital units private placement March 23, 2017	1,442,071	504,725
Less: Value associated with broker warrants issued	-	(10,158)
Less: Value associated with warrants issued	-	(401,299)
Share issue costs	-	(110,788)
Balance, March 31, 2017	51,939,149	9,447,689

Common share purchase stock options

The Company has 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 March 31, 2017, 3,850,000 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 \$
Outstanding at September 30, 2015	2,600,000	1.25
Expired, unexercised	(1,400,000)	1.25
Granted	900,000	0.19
Outstanding and exercisable at September 30, 2016	2,100,000	0.80
Surrendered	(1,200,000)	1.25
Granted	2,950,000	0.30
Outstanding at March 31, 2017	3,850,000	0.28
Exercisable at March 31, 2017	2,075,000	0.27

In April 2016 the Company announced the appointment of a Director of Saskatchewan Operations (currently Vice-President Exploration and Development) and granted 500,000 share purchase options exercisable at \$0.10 for a period of five years.

In August 2016 the Company engaged Palisade Global Investments Ltd as advisory consultants and made a grant of 300,000 share purchase options exercisable at \$0.30 for a period of 22 months.

In August 2016 the Company issued 100,000 options to a Consultant of the Company exercisable at \$0.30 for a period of five years.

On December 16, 2016 directors surrendered 1,200,000 options.

On February 1, 2017 the Company granted 2,950,000 options to purchase common shares exercisable at \$0.30 per share for five years to six directors and three consultants.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
500,000	250,000	48.5 months	\$0.10	April 14, 2021
300,000	300,000	15.0 months	\$0.30	June 30, 2018
100,000	50,000	52.7 months	\$0.30	August 22, 2021
2,950,000	1,475,000	58 months	\$0.30	February 1, 2022
3,850,000	2,075,000			

Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number	Price range
	#	\$
Balance September 30, 2015	-	-
Private placement warrants issued	1,765,000	\$0.20-\$0.35
Broker warrants issued	35,000	\$0.20
Balance September 30, 2016	1,800,000	\$0.20-\$0.35
Broker warrants issued	100,080	\$0.18
Private placement warrants issued	6,847,071	\$0.30-\$0.35
Balance March 31, 2017	8,747,151	\$0.18-\$0.35

The number of common shares outstanding on March 31, 2017 was 51,939,149. Taking into account outstanding share purchase options and warrants, the fully diluted number of common shares that could have been outstanding on March 31, 2017 was 64,536,300.

The number of common shares outstanding on May 30, 2017 was 52,332,007 and the fully diluted number of common shares that could have been outstanding on May 30, 2017 was 65,322,016.

Related Party Transactions

During the three and six months ended March 31, 2017, the Company incurred related party expenses of \$37,013 (2016 – \$30,111) and \$77,718 (2016 - \$55,799). These expenses related to management fees paid or payable to key management personnel; Tom Drivas, Chief Executive Officer, Frank van de Water, Secretary and Chief Financial Officer, Michael D'Amico, Chief Financial Officer until December 31, 2015, James Sykes from March 2, 2017 and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers are included under office and general expenses. As at March 31, 2017 \$19,757 (2016 - \$10,567) was due and payable to these related parties.

At March 31, 2017, \$568,306 (2016 - \$508,306) of accumulated related party expenditures was payable to Tom Drivas. Canada Enerco Corp., a company controlled by Tom Drivas was owed \$29,658, which was paid in April 2017.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the six months ended March 31, 2017 and 2016.

During the three months ended March 31, 2017, the Company incurred expenses of \$4,000 (2016-\$4,000) and \$10,000 for the six months ended March 31, 2017 (2016 - \$10,000) related to directors' fees to independent directors. At March 31, 2017, \$55,000 (2016 - \$37,000) was outstanding.

During the three and six months ended March 31, 2017, the Company incurred expenses of \$32,460 and \$41,064 (2016 - \$nil and \$1,140) for legal fees to a law firm related to a director of the Company, William R. Johnstone. At March 31, 2017 \$11,755 (2016 – \$nil) was payable to this related party.

As disclosed in Note 5 to the condensed interim financial statements, the Company's Elliot Lake 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 March 31, 2017 and May 30, 2017, there was no impairment of the carrying value of its Ontario and Saskatchewan properties.

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 defining recoverable and economic resources and establishing 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.

Financial Capability and Additional Financing

The Company had a cash balance of approximately \$1,381,000 and working capital of approximately \$971,000 at May 30, 2017, (after providing for \$665,000 owing to related parties), 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.

Land access

As of April 1, 2013, under the 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.

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 to differ materially from the statements made. When used in this report, the words “estimate”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “may”, “should”, and “will”, are intended to identify forward-looking statements, and reflect the current expectations of the management of the Company with respect to future events, and are subject to risks and uncertainties, such as reduced funding and general economic and market 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. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake or assume any obligation to update 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 Saskatchewan was reviewed and approved by Thomas Skimming, P.Eng, a Director of Appia, a Qualified Person as defined by National Instrument 43-101, and the technical information regarding the Elliot 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.