

APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2014

APPIA ENERGY CORP.

Management's Discussion and Analysis – September 30, 2014 As of November 19, 2014

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Appia Energy Corp. ("Appia" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2014. The MD&A was prepared as of November 19, 2014 and should be read in conjunction with the audited financial statements ("Financial Statements") of the Company for the years ended September 30, 2014 and 2013, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements.

Executive Summary

Corporate

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

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

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

Appia is a Canadian mineral exploration company with a primary focus on Uranium and Rare Earth Elements, holding a 100% mineral rights interest in 13,008 hectares (32,143 acres) located near the town of Elliot Lake, a 100% mineral rights interest in 67,133 hectares (165,889 acres) in the Athabasca Basin of Saskatchewan as well as a 90% mineral rights interest in 5,060 hectares (12,504 acres), and a 100% interest in 7,245 hectares (17,903 acres) in contiguous claims at Alces Lake, near Athabasca Basin.

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 existing Rare Earth Elements ("REEs") in the Upper Reef, Intermediate Quartzite and the Lower Reef. With the REE content by weight being over six times the uranium content, the economic value of the mineralized zone has been greatly enhanced. A significant portion of the previously categorized Inferred Resources was upgraded to Indicated Resources, and additional resources were defined.

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

Saskatchewan

The Athabasca Basin of Saskatchewan is receiving a great deal of attention because of recent successful exploration results on uranium prospects by a number of companies. In September 2013 a six person team commissioned by the Company, discovered a new area of REE mineralization, plus uranium and thorium on claims south of Alces Lake. The zone is designated as the "Ivan Zone" and is located 125 metres northeast of the historical trenches. Outcrop and boulder train samples recorded radioactivity levels in excess of 56,000 cps. Samples from the outcrops and boulder trains have been assayed and reflect moderate to highly anomalous rare

earth elements. Total REEs in 12 samples range from 1.1% to 35.7% by weight. Details of the laboratory analyses for individual elements were reported in the Company's news release on the Ivan Zone on May 22, 2014.

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

Exploration and Evaluation Assets

Ontario:

Appia holds over 13,008 hectares (32,123 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.

A major development in the year ended September 30, 2013 was the completion of a Technical Report in accordance with the provisions of NI 43-101 reporting standards, entitled "Update Report on the Appia Energy Corp Uranium-Rare Earth Property, Elliot Lake District, North-Central Ontario, Canada" dated July 30, 2013 which has been filed on SEDAR (www.sedar.com). The report was completed by Watts, Griffis and McOuat ("WGM"), Consulting Geologists and Engineers, Toronto, Canada. Al Workman, P.Geo was responsible for all sections of the Report and jointly responsible with Kurt Breede, P.Eng for the uranium-rare earth Mineral Resource Estimate for the Teasdale Zone and the Banana Lake Zone. John Goode, P.Eng was responsible for the Mineral Processing and Metallurgical Testing section of the Report. All three are Independent Consultants and Qualified Persons as defined in NI 43-101.

Teasdale Lake Zone

The following two tables set out the resources reported in the NI 43-101 report. 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

SGS Canada Inc., Lakefield, Ontario, Canada completed its report entitled “An Investigation Into The Recovery of Uranium and Rare Earth Elements (“REEs”) from the Teasdale Property” which formed a very important aspect of the resource calculation.

Based on metallurgical testing, the favoured flowsheet option includes a simple grind, a flotation process to recover a high grade concentrate, pre-leach and acid baking of the flotation concentrate and acid leaching of the flotation tailings. With the REE total content being six times the uranium content of the Indicated Resources, the recovery of the REEs is a very significant factor in determining the economic value of the resources. Testwork carried out at SGS Canada facilities indicated a recovery rate of approximately 90% for uranium and most REEs in the 80% to 90% range. It is believed that planned additional testwork and data analysis will substantiate these data and probably lead to improved recovery.

Historical Estimates

Historical estimates, thought to be authored by Doug Sprague, P.Eng., Chief Geologist for Rio Algom Ltd. (“RIO”) and shown on a RIO map (Rio Algom, 1979), were based on mine data as well as a series of deep drill holes completed by Kerr McGee and other exploration companies in widely separated areas of the Property. RIO’s estimates increased the total remaining uranium resource to approximately 200 million pounds of U₃O₈. These historical resources, located in five separate zones down-dip from past-producing mines, are summarized in the following table:

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	7,000,000	1.86	13,020,000
Total	263,758,200	0.76	199,204,200

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

Banana Lake Zone

Based on drilling by Appia during 2007, a subsequent Mineral Resource estimate for the Banana Lake Zone was prepared in 2011 by WGM in accordance with the provisions of NI 43-101. Some of Appia’s drilling included holes that were wedged from historical drill holes that Appia re-entered. This resource, first reported in Workman and Breede (2011), is summarized in Table 4. A single hole drilled in 2012 to 1,647 metres did not encounter the

typical geological formation with assays returning no significant values of 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 and Recommended Exploration

The 2012, drill program of in-fill and step-out drilling in the Teasdale area met with a high degree of success in confirming the resources where they were predicted by the geological model. A significant portion of the Inferred Resources was upgraded to Indicated Resources, and additional Inferred Resources were defined. WGM has recommended a continuation of the exploration drilling and proposed a 14 diamond drill-hole program, potentially to increase the size of the area tested and the size of the Inferred Resource. Based on the geological model and the uniformity of grade within the Teasdale Deposit, WGM believes that a large percentage of the holes will intersect economically interesting mineralization. In light of the encouraging results of the metallurgical testing program carried out by SGS Lakefield, additional testing is recommended to focus on the beneficiation, pre-leach and acid bake and tailings leach route.

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

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

Saskatchewan Properties:

Appia now holds a 100% mineral rights interest in 67,133 hectares (165,889 acres) in the Athabasca Basin of Saskatchewan, including claims near the Patterson Lake South area where Fission Energy Corp. and Alpha Minerals Inc. recently discovered high grade uranium.

In addition it holds a 90% mineral rights interest in 5,060 hectares (12,504 acres) and a 100% interest in 7,245 hectares (17,903 acres) in contiguous claims at Alces Lake. In 2010, the Saskatchewan Geological Survey visited the 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, a five person team visited the site and recorded radioactivity levels over 15 boulder and outcrop samples in a range of 5,500 cps to 53,500 cps, with thorium levels off scale for the spectrometer. Assays on five samples reflected favourably on the 2010 REE findings.

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

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

Outlook

Appia is very pleased with the reported results of the drilling at the Teasdale Zone of Elliot Lake, with very significant quantities of REEs being reported, and the firming up of the U₃O₈ resource, with a large increase in the Indicated category and an overall increase in the Indicated and Inferred Resources. The preliminary metallurgical recovery of 90% for uranium and 80% to 90% for most REEs is very encouraging. Appia's consultants expect the recoveries to improve with additional refinements to the process flowsheet.

The Company has reviewed the recommendations from WGM to continue the Teasdale Lake drilling program to expand the mineable area and increase the Inferred Resources and to carry out additional metallurgical testing in an effort to achieve even greater recoveries. More work to expand the Resources at Teasdale and the preparation of a Preliminary Economic Analysis of the project will be contingent on an improved price for uranium and a clearer picture of supply and demand for REEs.

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

Uranium has been in oversupply for some time as downgraded material from the dismantling of nuclear warheads is being used as fuel for nuclear reactor electricity generation. This source of supply has largely come to an end. More recently, the tsunami in Japan resulted in the shut-down of all of its 48 nuclear reactors. Two Japanese reactors have been approved to re-enter service in early 2015 and analysts anticipate 15 in total will re-enter service during 2015, followed by another 4 in 2016 and 12 in 2017. China has 21 new reactors under development or construction which should be increasing demand for uranium over the next few years.

The spot price improved to a reported US\$36.50 per pound at the end of September, with deliveries of uranium under long term contracts priced considerably higher.

The consensus in the industry is that uranium prices will continue to strengthen, and China's production of REEs is no longer adequate to supply its own requirement of certain REEs. The developing shortage is expected to increase prices to a more attractive level over the next few years.

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

Selected Annual Information

	2014 \$	2013 \$	2012 \$
Net income/(loss)	(298,780)	(462,188)	(1,169,422)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.03)
Total assets	7,083,156	7,251,926	7,701,563

Results of Operations

Total operating expenses for the year ended September 30, 2014 were \$345,856 compared to \$607,833 in 2013. The year over year decrease is due to the decrease in the non-cash share based compensation to \$114,245 from \$324,664, professional fees to \$42,009 from \$104,745, and office and general to \$26,412 from \$43,807 for same period of the previous year offset somewhat by the increase in shareholder communication costs to \$28,952 from \$9,429 and management fees and salaries to \$134,238 from \$125,188 which resulted from additional costs associated with the process of the Company being listed on the Canadian Securities Exchange.

Interest income was \$11,273 for the year ended September 30, 2014, compared to \$17,668 for 2013. The decrease is primarily due to a lower cash position in 2014 as compared to 2013.

The Company's net loss and comprehensive loss for the year ended September 30, 2014 was \$298,780 or \$0.01 loss per share \$462,188 or \$0.01 loss per share for the year ended September 30, 2013.

Fourth Quarter

The Company's net loss and comprehensive loss for the three months ended September 30, 2014 was \$10,244 compared to a net loss of \$28,376 in the prior year. The net change in the fourth quarter of 2014 was due to the decrease in share-based payments to \$4,761 in 2013 (2013 - \$28,528) offset by a deferred income tax recovery of \$35,803 in 2014 compared to \$49,161 in 2013.

Selected Quarterly Information (all quarters reported under IFRS)

2014/2013	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013
	\$	\$	\$	\$
Net (loss) and comprehensive (loss)	(10,244)	(128,609)	(76,043)	(83,884)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	7,083,156	7,104,391	7,164,297	7,215,646
2013/2012	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012
	\$	\$	\$	\$
Net(loss) and comprehensive (loss)	(28,376)	(229,976)	(128,929)	(74,907)
Net loss per share – basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)
Total assets	7,251,926	7,285,779	7,344,922	7,466,699

Capital Resources and Liquidity

At September 30, 2014, the Company had working capital of \$344,894 (after deducting \$418,306 owing to the CEO) compared to \$654,291 as at September 30, 2013. As the Company has no operating revenue, it continues to be funded with equity based private placements. At September 30, 2014, the Company had fulfilled all of its obligations to spend money raised in flow-through financings on eligible expenditures. The Company's exploration of its properties, which includes drilling and other evaluation programs, is dependent on raising capital resources. The Company has enough financial resources to continue operation through the next twelve months. Cash operating costs are currently approximately \$15,000 per month.

Additional funding will be required for further operations and to fully pursue the exploration and development of its properties. The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

Common Share Data

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

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at September 30, 2013 and 2014 is 41,616,078.

Common share purchase stock options

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

As at September 30, 2014, 2,600,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan"). The following table provides the details of changes in the number of issued common share purchase options during the period:

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

	Options #	Weighted-average exercise price \$
Balance September 30, 2012	2,200,000	1.25
Granted, fiscal year 2013	400,000	1.25
Outstanding September 30, 2013	2,600,000	1.25
Granted, fiscal year 2014	400,000	1.25
Expired	(400,000)	1.25
Outstanding at September 30, 2014	2,600,000	1.25
Exercisable at September 30, 2014	2,400,000	1.25

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

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,000,000	1,000,000	16.6 months	\$1.25	February 17, 2016
400,000	400,000	27.8 months	\$1.25	January 23, 2017
400,000	400,000	28.0 months	\$1.25	February 1, 2017
400,000	400,000	42.3 months	\$1.25	April 9, 2018
400,000	200,000	53.8 months	\$1.25	March 25, 2019
2,600,000	2,400,000			

As at November 19, 2014, the Company had 41,616,078 common shares and 2,600,000 stock options outstanding. The fully diluted number of common shares that could be outstanding as at November 19, 2014 is 44,216,078.

Related Party Transactions

During the year ended September 30, 2014, the Company incurred related party expenses of \$126,238 (2013 – \$115,188). These expenses related to management fees paid or payable to key management personnel; Tom Drivas, Chief Executive Officer, Frank van de Water, Chief Operating Officer and Michael D’Amico, Chief Financial Officer, and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers.

At September 30, 2014, \$418,306 (2013 - \$358,306) of accumulated related party expenditures is due and outstanding to Tom Drivas and is included under accounts payable and accrued liabilities. The amount charged for office administration services is included under office and general expenses.

Share-based compensation to key management and directors for the year ended September 30, 2014 was \$114,245 (2013 - \$324,664).

During the year ended September 30, 2014, the Company incurred expenses of \$20,000 (2013 – \$22,000) related to directors’ fees to independent directors. At September 30, 2014, \$12,500 (2013 - \$4,000) was due and payable.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended September 30, 2014 and 2013.

During the year ended September 30, 2014, the Company incurred expenses of \$10,930 (2013 - \$62,228) for legal fees to a law firm related to a senior officer and director of the Company, William R. Johnstone. At September 30, 2014 \$1,271 (2013 – \$5,598) was due and payable to this related party.

As disclosed in Note 5(a) of the financial statements, the Company’s major exploration property was acquired from a related party.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its exploration and evaluation assets for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at September 30, 2014, there is no impairment of carrying value of its Ontario and Saskatchewan exploration and evaluation assets.

Off-Balance Sheet Arrangements

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

Financial Instruments and Other Instruments

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

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

Risk Factors

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

Exploration Risk

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

Financial Capability and Additional Financing

The Company has cash of approximately \$799,000 and working capital of approximately \$326,000 at November 19, 2014, (after deducting \$428,000 owing to the CEO), has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

Fluctuating Prices

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

Environment

Both the exploration and production phases of the Company's operations are subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and

increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Cash Flow

The Company's properties are in varying stages of exploration and evaluation, and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration with the possible loss of such properties. 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 favourable. The Company will require new capital to continue exploration on its various properties, and there is no assurance that capital will be available when needed.

Title Matters

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

Uncertainty in the Estimation of Mineral Resources

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

The Company and WGM have carefully prepared and verified the current Mineral Resource estimates and together believe the methods of estimating the Mineral Resources have been substantiated by historical mining experience. All Mineral Resource estimates have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy ("CIM") Classification System. However, the Mineral Resource amounts are estimates, and no assurance can be given that the reported quantities of metals or minerals will be produced. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the Company's control. Fluctuations in the prices of REEs and uranium may render Mineral Resources containing lower grades of mineralization uneconomic.

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

Land access

As of April 1, 2013, under the recently modified Mining Act, the Company is required to obtain permits to conduct exploration and evaluation activities on its Ontario properties. There is uncertainty concerning the Ontario

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

Additional Information

- (1) Additional information may be found on the Company's website at www.appiaenergy.ca.
- (2) The technical information included in this MD&A regarding the Elliott Lake properties has been reviewed and approved by Al Workman, P.Geol. Senior Geologist, Watts, Griffis and McOuat Ltd., a Qualified Person in accordance with the Canadian regulatory requirements as set out in NI 43-101.