

**BOREAL METALS CORP.**  
**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

The following management's discussion and analysis ("MD&A"), prepared as of November 20, 2017 should be read together with the condensed interim consolidated financial statements for the period ended September 30, 2017 and the audited financial statements for the year ended December 31, 2016 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to Boreal Metals Corp. (the "Company") is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

## Forward Looking Statements

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of our exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## Description of Business

Boreal Metals Corp. (the "Company") was incorporated under the Business Corporations Act, British Columbia on December 31, 2013 and is considered to be in the exploration stage with respect to its mineral properties. On November 7, 2016, the Company changed its name to Boreal Metals Corp. The Company's head office address is 340 - 233 West 1st Street, North Vancouver, British Columbia, Canada, V7M 1B3.

On April 1, 2014, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "EFM". On April 12, 2016, the CSE delisted the Company for being in default of CSE requirements. As of the date of the financial statements the Company's common shares were delisted from trading on the CSE.

On November 21, 2017, the Company obtained a public listing for its securities on the TSX Venture Exchange (the "Exchange") under the trading symbol "BMX" following closing of its offerings of units by way of Short Form Offering Document in accordance with Exchange policies (the "SFOD Offering") and by way of brokered private placement.

## Significant Events

On February 14, 2017, the Company closed a share purchase agreement with EMX Royalty Corporation ("EMX Royalty"), (former "Eurasian Minerals Inc.") and has acquired two companies with exploration stage assets in Scandinavia. The companies were wholly-owned subsidiaries of EMX Royalty which together domiciled a portfolio of four base and precious metal exploration projects, two in Sweden and two in Norway. EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") are now wholly-owned subsidiaries of the Company. To acquire the Swedish Companies, the Company issued 1,713,390 common shares to EMX Royalty.

On March 29, 2017, Patricio Varas joined the Board. On June 1, 2017, Eric Jensen was appointed to the Board.

On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at \$0.05 per unit. Each unit consist of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.10 per share for a period of one year.

On August 14, 2017, the Company closed a private placement of 4,527,500 units at \$0.20 per unit. Each unit consists of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.40 per share for a period of two years from the date of issue. The issuance of an additional 1,000,000 units on the same terms closed into escrow, subject to release and issuance upon the Company's listing on the Exchange, which became effective November 21, 2017.

On November 21, 2017, the Company obtained a public listing for its securities on the TSX Venture Exchange (the "Exchange") under the trading symbol "BMX" following closing of its offerings of units by way of Short Form Offering Document in accordance with Exchange policies (the "SFOD Offering") and by way of brokered private placement. As a result, the Company will be listed as a Tier 2 issuer on the Exchange. Pursuant to the SFOD Offering and the brokered private placement, the Company raised aggregate gross proceeds of \$4,400,000.

On November 21, 2017, the Company closed a non-brokered private placement for proceeds of \$200,000. The Company issued 666,666 units at a price of \$0.30 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant exercisable into one common share at a price of \$0.50 until November 21, 2019.

## Exploration and Evaluation Assets

On February 14, 2017, the Company closed its share purchase agreement with EMX Royalty Corporation ("EMX Royalty"), (former "Eurasian Minerals Inc.") and has acquired two companies with exploration stage assets in Scandinavia. The companies were wholly-owned subsidiaries of EMX Royalty which together domiciled a portfolio of four base and precious metal exploration projects, two in Sweden and two in Norway. EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") are now wholly-owned subsidiaries of the Company.

		Swedish Properties
Balance as of December 31, 2016	\$	-
Property acquisition costs		215,233
Shares issued as anti-dilutive right		353,524
Balance as of September 30, 2017	\$	568,757

The Company owns several mining licenses located in Norway. The licenses in Norway are named the Tynset licenses and the Burfjord licenses. The licenses in Sweden are named the Gumsberg and Adak VMS Projects.

In the period ended September 30, 2017, the total of \$245,553 exploration costs were incurred by the Company as follows:

Exploration expenses	Adak	Gumsberg	Burfjord	Tynset	Total
Administrative expense	\$ 84	\$ 3,301	\$ 3,327	\$ 319	\$ 7,031
Field work	-	6,122	38,180	-	44,302
Exploration licenses	-	33,132	2,664	-	35,796
Geological	22,437	49,797	55,419	12,181	139,834
Geophysical	4,790	5,400	7,800	600	18,590
Total exploration costs incurred as of September 31, 2017	\$ 27,311	\$ 97,752	\$ 107,390	\$ 13,099	\$ 245,553

## Selected Annual Financial Information

The Company's Consolidated Financial Statements for the years ended December 31, 2016, 2015, and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following selected financial information is taken from the annual consolidated financial statements and should be read in conjunction with those statements.

	December 31, 2016	December 31, 2015	December 31, 2014
Cash	\$ 196,987	\$ 77	\$ 2,246
Total assets	205,918	5,084	5,782
Total liabilities	181,551	98,555	58,586
Shareholders' equity (deficiency)	24,367	(93,471)	(52,804)
Net loss and comprehensive loss	(171,541)	(40,667)	(231,539)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.03)

## Acquisition

February 14, 2017, the Company has closed its share purchase agreement via a share exchange transaction with EMX Royalty and acquired two companies that were wholly-owned subsidiaries of EMX Royalty which together represent a portfolio of four Scandinavian base and precious metal (zinc-lead-copper-silver-gold) exploration projects including Gumsberg and Adak exploration assets in Sweden and the Tynset and Burfjord assets in Norway (the "Properties"). EMX Exploration Scandinavia AB and Iekelvare Minerals AB (together referred to as the "Swedish Companies") are now wholly-owned subsidiaries of the Company.

To acquire the Swedish Companies, the Company issued 1,713,390 of its common shares to EMX Royalty which represents a 19.9% equity ownership in the Company at the present time and will have the continuing obligation to issue additional shares to maintain 19.9% interest, at no additional cost to EMX Royalty, until the Company has raised CDN\$5,000,000 in equity (subsequently raised); thereafter, EMX Royalty will have the right to participate pro-rata in future financings at its own cost to maintain its 19.9% interest. On April 4, 2017, 3,466,610 shares and August 14, 2017, 900,972 shares, were issued to EMX Royalty due to above obligation. Subsequently, another 3,124,910 shares were issued to EMX Royalty due to above obligations.

EMX Royalty has also been granted a 3% net smelter return ("NSR") royalty on each of the Properties, of which a 1% NSR may be purchased by the Company on or before the fifth anniversary of the closing date in 0.5% increments for a total of (a) USD\$2,500,000, or (b) at the purchaser's option, USD\$2,000,000 plus shares of the Company equal in value to USD\$500,000.

EMX Royalty will receive annual advance royalty ("AAR") payments of USD\$20,000 for each of the Properties commencing on the second anniversary of the closing, with each AAR payment increasing by USD\$5,000 per year until reaching USD\$60,000 per year, except that the Company may forgo AAR payments on two of the four properties in years two and three. Once reaching USD\$60,000, AAR payments will be adjusted each year according to the Consumer Price Index (as published by the U.S. Department of Labor, Bureau of Labor Statistics). EMX Royalty will receive a 0.5% NSR royalty on any new mineral exploration projects generated by the Company in Sweden or Norway, excluding projects acquired from a third party containing a mineral resource or reserve or an existing mining operation. EMX Royalty has the right to one seat on the Board of Directors of the Company.

Management has determined that this transaction does not qualify as a business combination. Accordingly, it was accounted for as an acquisition of assets. The fair value of the purchased assets was measured using the fair value of the issued common shares of the Company on the transaction date.

The following table summarizes the fair value of the Swedish Companies' identifiable assets and liabilities acquired at the date of acquisition:

Net assets and liabilities acquired:	
Cash	\$ 51,450
Accounts receivable	777
Properties acquisition costs	215,233
Trade and other payables	(181,790)
<b>Total</b>	<b>\$ 85,670</b>
Consideration paid:	
Share capital	\$ 85,670

## Results of Operations

*Period ended September 30, 2017 and 2016*

During the nine month period ended September 30, 2017, the Company incurred a net loss of \$887,579, an increase of \$816,676 compared to \$70,903 net loss incurred during the same period of 2016. This significant increase in the Company expenses was a result of increased activity of the Company. During the first three quarters of 2017, the Company acquired four Scandinavian projects, closed two financings and is in the process of closing a short-term offering to become listed on TSX-V, and conducted exploration on its newly acquired properties.

During the initial nine month period of 2017, the Company's major expenses were as follows:

Professional fees totaled \$156,664 compared to \$19,757 in 2016. The professional fees consist of legal, audit and accounting charges incurred due to Scandinavian companies' acquisition, closing the Company's financings and TSX-V listing application.

Marketing fees totaled \$160,150 as the Company engaged services of several consulting and marketing companies.

Travel expenses of \$178,497 (2016 - \$10,758) were incurred for the due diligence work done on the new project acquisitions (see Acquisition).

Management and consulting fees of \$79,061 (2016 - \$29,725) were accrued for present and former directors and officers of the Company.

General and administration expenses totaled \$52,757 vs. \$1,799 in 2016, as the Company was previously inactive due to difficult market conditions.

During the period ended September 30, 2017, the Company charge to operations was \$245,553 (2016 - \$Nil) due to exploration and evaluation expenses incurred on its Swedish properties.

The basic and diluted loss per common share during the nine months ended September 30, 2017 totaled \$0.04 vs \$0.00 in the same period of 2016.

*Cash flows for the period ended September 30, 2017 and 2016*

At September 30, 2017, the Company had \$280,847 cash, compared to \$196,987 cash at December 31, 2016.

In the period ended September 30, 2017, the Company closed two private placements for gross proceeds of \$1,519,000, of which \$289,379 was collected as of December 31, 2016. The Company paid \$18,500 in cash for finder's fees in connection with these private placements.

In the nine months ended September 30, 2017, net cash used for operating activities totaled \$1,111,456 compared to \$23,696 of net cash used in operating activities in the same period of 2016. The cash used in operating activities consisted of the operating expenses of the Company.

## Summary of Quarterly Results

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash	280,847	390,770	228,579	196,987	76,381	5,504	14,443	77	244
Total assets	981,368	812,621	406,988	205,918	83,859	11,298	19,775	5,007	4,992
Total liabilities	210,070	264,281	283,960	181,551	173,233	119,641	119,880	98,555	75,092
Working capital (deficiency)	202,541	159,777	228,579	24,367	(89,374)	(108,343)	(100,105)	(93,471)	(70,100)

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Net comprehensive loss	(528,736)	(193,518)	(170,681)	(85,766)	(56,031)	(8,238)	(6,634)	(23,369)	(3,621)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)

#### *Three Months Period ended September 30, 2017 and 2016*

In the third quarter ended September 30, 2017, the Company incurred a net loss of \$523,824 an increase of \$467,793 compared to \$56,031 of net loss incurred in the third quarter of 2016. This significant increase in the Company expenses was a result of the Scandinavian Companies acquisition and all corresponding administrative, exploration and legal activities.

During the three months ended September 30, 2017 the Company incurred \$83,050 (2016 - \$Nil) of exploration and evaluation expenses.

In the second quarter of 2017, the Company recorded \$160,150 (2016 - \$Nil) in marketing fees, \$145,839 (2016 - \$10,758) in travel expenses and \$26,843 (2016 - \$29,725) in consulting fees for the due diligence work done on the new project acquisition and an increase of \$60,947 in professional fees and \$24,699 in general and administrative costs.

### **Liquidity and Capital Resources**

To date, the Company has not yet realized profitable operations. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available, or if available, will be on reasonable terms.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of minerals and metals or interests related thereto. The economics of developing and producing properties are affected by many factors including the cost of operations and the market price of the mineral resource. Depending on the market price of mineral resources, the Company may determine that it is impractical to continue commercial production.

### **Short-Term Loan**

As at September 30, 2017, the Company's director advanced to the Company an amount of \$64,123 (December 31, 2016 - \$94,195) by the way of short-term loans. This is an unsecured, non-interest bearing and due on demand loan.

### **Related Party Transactions**

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Directors of the Company.

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During the period ended September 30, 2017, the Company accrued a total of \$67,000 (2016 - \$4,000) of consulting and management fees to its directors and officers. As of September 30, 2017, \$7,075 (December 31, 2016 - \$8,100) is payable to these directors.

During the period ended September 30, 2017, the Company accrued a total of \$6,500 (2016 - \$Nil) in rent expenses to an officer of the Company.

As at September 30, 2017, the Company's director advanced to the Company an amount of \$64,123 (December 31, 2016 - \$94,195) by the way of short-term loans. This is an unsecured, non-interest bearing and due on demand loan.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

## Financial Instruments and Other Instruments

### Financial instruments

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and accounts payable and accrued liabilities and short-term loan from related party approximate their carrying amounts due to the short term nature of the financial instruments. Cash is classified as financial assets fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities and short-term loan from related party are classified as financial liabilities fair value through profit or loss.

### *Risk management*

The Company is exposed to a variety of financial instrument related risks to varying degrees:

#### *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is currently investigating financing opportunities so that it has sufficient liquidity to meet liabilities when due.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its project. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Currency risk

The Company is exposed to financial risk related to fluctuations in foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian Dollar.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

**Segment Information**

The Company is engaged in one business activity, being the acquisition, exploration and development of base and precious metal. The two geographical segments are Canada and Scandinavia. All non-current assets are held solely in the Scandinavia segment.

Summarized financial information on the geographic segments the Company operates in are as follows:

For the period ended September 30, 2017	Canada	Scandinavia	Consolidated
Exploration and evaluation assets	\$ -	\$ 568,757	\$ 568,757
Exploration expense	170,519	35,780	206,299
Loss for the period	763,613	123,965	887,578

**Subsequent Events**

On November 21, 2017, the Company obtained a public listing for its securities on the TSX Venture Exchange following closing of its offerings of units by way of Short Form Offering Document in accordance with Exchange policies and by way of brokered private placement (the "Private Placement"). The financings were conducted by PI Financial Corp. (the "Agent").

The SFOD consists of 6,666,666 units of the Company at a price of \$0.30 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half of share purchase warrant, with each whole warrant exercisable at a price of \$0.50 for a period of 24 months from the closing date of the SFOD.

The Company also closed a brokered private placement of 8,000,000 units at a price of \$0.30 per unit for gross proceeds of \$2,400,000, concurrently with the SFOD. Each brokered private placement's unit consists of one common share and one warrant, having the same terms as the SFOD warrants.

A cash commission equal to 8% of the gross proceeds of the financings was paid to the Agent. In addition, the Agent was issued non-transferable broker warrants equal to 8% of the number of units issued pursuant to the financings. Each agent's warrant will be exercisable for one common share at a price of \$0.30 until May 21, 2019. The Agent also received 600,000 units as a corporate finance fee with 400,000 units having the same composition as the SFOD units and 200,000 as the brokered private placement units.

All securities issued in connection with the brokered private placement and the Agent's commission are subject to a four-month hold period, expiring March 22, 2018.



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On November 21, 2017, 3,124,910 shares were issued to EMX Royalty at no additional cost due to the Company's obligation to maintain EMX Royalty 19.9% equity ownership in the Company, until \$5,000,000 in equity has been raised.

On November 21, 2017, the Company closed a non-brokered private placement for proceeds of \$200,000. The Company issued 666,666 units at a price of \$0.30 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant exercisable into one common share at a price of \$0.50 until November 21, 2019. The securities issued in connection with the non-brokered private placement are subject to a four-month hold period, expiring March 22, 2018.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as at September 30, 2017 and 2016.

### **Significant Accounting Policies**

These consolidated financial statements, including comparatives, were prepared in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2016. There have been no changes to the Company's critical accounting estimates and judgments during the period ended September 30, 2017.

### **Critical Accounting Estimates**

The preparation of the unaudited consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts and impairment testing. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

The most significant judgments relate to the recoverability of capitalized amounts, recognition of deferred tax assets and liabilities and the determination of the economic viability of a project.

### **New Standards Not Yet Adopted**

The Company has not yet adopted the following revised or new IFRS that have been issued but were not yet effective as at December 31, 2016:

IFRS 9, Financial Instruments (effective date January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

IFRS 16, Leases is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

The Company is currently assessing the impact that these new accounting standards will have on the financial statements and the business of the Company.

### **Outstanding Share Data**

As at September 30, 2017, the Company had 31,532,472 common shares outstanding and 51,590,714 shares as of the date of this MD&A.

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On February 14, 2017, the Company issued 1,713,390 common shares to EMX Royalty on the acquisition of the Swedish Companies. The shares were fair valued at \$85,670.

On April 4, 2017, the Company closed a non-brokered private placement of 12,270,000 units at \$0.05 per unit for proceeds of \$613,500. Each unit consists of one common share and one-half of one transferable share purchase warrant, exercisable into one additional common share at a price of \$0.10 per share for a period of one year. A fair value of \$53,823 was assigned to these warrants.

On August 14, 2017, the Company closed a private placement of 4,527,500 units at \$0.20 per unit. Each unit consists of one common share and one-half of one transferable share purchase warrant, each whole warrant exercisable into one additional common share at a price of \$0.40 per share for a period of two years from the date of issue. The warrants are subject to an acceleration provision, whereby any time after four months from the date of issuance and before the expiry date, if the closing price of the common shares of the Company is \$0.75 or above for 10 consecutive trading days, the Company may provide notice to the holder (the "Acceleration Notice") that the warrants will expire on the date which is 30 days from the date of the Acceleration Notice. A fair value of \$79,879 was assigned to these warrants.

In connection with the August 14, 2017 private placement, the issuance of an additional 1,000,000 units on the same terms closed into escrow, subject to release and issuance upon the Company's listing on the Exchange, which became effective November 21, 2017.

The Company paid finder's fees of \$18,500 in cash, issued 44,000 common shares as finder's fees at a deemed price of \$0.20 per common share and 136,500 finder's warrants to certain finders. The finder's warrants have the same terms as private placement warrants except they are non-transferable. A fair value of \$5,283 was assigned to 136,500 brokers' warrants.

As of September 30, 2017, a total of 4,367,582 shares were issued to EMX Royalty at no additional cost due to the Company's obligation to maintain EMX Royalty's 19.9% equity ownership in the Company, until \$5,000,000 in equity has been raised. These shares were recorded at a fair market value of \$353,525. Subsequently, another 3,124,910 shares were issued to EMX Royalty due to above obligations.

On November 21, 2017, the Company closed SFOD financing consisted of 6,666,666 units of the Company at a price of \$0.30 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half of share purchase warrant, with each whole warrant exercisable at a price of \$0.50 for a period of 24 months from the closing date of the SFOD.

The Company also closed a brokered private placement of 8,000,000 units at a price of \$0.30 per unit for gross proceeds of \$2,400,000, concurrently with the SFOD. Each brokered private placement's unit consists of one common share and one warrant, having the same terms as the SFOD warrants.

A cash commission equal to 8% of the gross proceeds of the financings was paid to the Agent. In addition, the Agent was issued non-transferable broker warrants equal to 8% of the number of units issued pursuant to the financings. Each agent's warrant will be exercisable for one common share at a price of \$0.30 until May 21, 2019. The Agent also received 600,000 units as a corporate finance fee with 400,000 units having the same composition as the SFOD units and 200,000 as the brokered private placement units.

All securities issued in connection with the brokered private placement, the Agent's commission are subject to a four-month hold period, expiring March 22, 2018.

On November 21, 2017, the Company closed a non-brokered private placement for proceeds of \$200,000. The Company issued 666,666 units at a price of \$0.30 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant exercisable into one common share at a price of \$0.50 until November 21, 2019. The securities issued in connection with the non-brokered private placement are subject to a four-month hold period, expiring March 22, 2018.

As at September 30, 2017, and the date of this MD&A, the Company had not issued any stock options and had 8,535,250 and 22,608,582 warrants, respectively. 6,135,000 transferrable share purchase warrants were issued on April 4, 2017, at a price of \$0.10 for a period of one year in connection to the closed non-brokered private placement. 2,400,250 share purchase warrants were issued on August 14, 2017, at a price of \$0.40 for a period of one year in connection to the closed non-brokered private placement. Subsequently, 12,906,666 warrants at a price of \$0.50 were issued in connection to SFOD

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financing and brokered private placement, 666,666 in connection to non-brokered private placement for two year period, and 500,000 warrants were issued pursuant to the release of the 1,000,000 units that closed into escrow in connection with the August 14, 2017 private placement.

## Management's Responsibility for Financial Statements

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## Risk Factors

*Our exploration programs may not result in a commercial mining operation.*

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our mineral properties are without a known body of commercial ore and our proposed programs are an exploratory search for ore. We do not know whether our current exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off our investments in our existing properties.

*We may not have sufficient funds to complete further exploration programs.*

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. We do not know whether additional funding will be available for further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, we will have to delay or cancel further exploration of our properties, and we could lose all of our interest in our properties.

*Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.*

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

*Mineral exploration is highly speculative and risky; any material changes to the estimated reserves might adversely affect the profitability of the property.*

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

*Mineral exploration is hazardous. We could incur liability or damages as we conduct our business due to the dangers inherent in mineral exploration.*

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labor disruptions, flooding, explosions, rock bursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labor. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure against or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

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*In the future we may be required to comply with government regulations affecting mineral exploration and exploitation, which could adversely affect our business, the results of our operations and our financial condition.*

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labor standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

*Land reclamation requirements for the exploration properties may be burdensome.*

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably reestablish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

*We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.*

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or personnel, we will not be able to grow at the rate we desire or at all.

## **Approval**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on November 27, 2017. A copy of this MD&A will be provided to anyone who requests it and can be found on Sedar at [www.sedar.com](http://www.sedar.com).