

**BITTERROOT RESOURCES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS**

For the year ended October 31, 2017  
As of February 21, 2018

**INTRODUCTION**

Bitterroot Resources Ltd. is a mineral resource company engaged directly and indirectly through its wholly-owned subsidiaries, (collectively referred to herein as “the Company” or “Bitterroot”), in the acquisition and exploration of mineral properties.

In Mohave County Arizona, Bitterroot’s wholly-owned subsidiary Trans Superior Resources, Inc. (“Trans Superior”) has entered into an Option agreements to acquire a 100% interests in 12 patented mining claims and 20 unpatented mining claims covering the past-producing Hackberry and Silver King silver mines. The Company has also staked additional 77 unpatented claims on Federally-managed public lands.

In the Upper Peninsula of Michigan, Bitterroot’s wholly-owned subsidiary Trans Superior Resources, Inc. (“Trans Superior”) owns a 49.9% interest in mineral titles covering approximately 360 square miles. In September 2015, Bitterroot entered into a strategic relationship with Altius Minerals Corporation (“Altius”), whereby Altius has earned a 50.1% interest in Bitterroot’s wholly-owned mineral rights and has an option to earn up to an 80% interest in these mineral rights. Details of the transaction are provided in the Summary of Activities section of this MD&A. Trans Superior also leases the 40 acre, privately-owned LM property in the Upper Peninsula.

In southern British Columbia, the Company owns a 100% interest in the North Brenda claim group.

Between November 1, 2016 and February 9, 2017, gold spot prices increased approximately two (2)%, copper spot prices increased approximately 39% and the S&P/TSX Venture Composite Index increased approximately four (4)%. The Company is exposed to commodity price and equity market risk due to the cyclical nature of commodity prices and the mineral exploration business. The Company’s management minimizes exploration costs and political risk by operating in mining-friendly, road-accessible North American jurisdictions.

The following Management Discussion and Analysis (MD&A) should be read in conjunction with Bitterroot Resources Ltd.’s audited consolidated financial statements for the year ended October 31, 2017 and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). This information and exploration results are presented in news releases and project summaries available on [www.sedar.com](http://www.sedar.com) or on the Company’s website ([www.bitterrootresources.com](http://www.bitterrootresources.com)).

All financial information in this MD&A related to 2017 and 2016 have been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## **FORWARD LOOKING STATEMENTS**

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## **SUMMARY OF ACTIVITIES**

In January 2017, Bitterroot acquired options to purchase the Hackberry patented and unpatented claims and the North Hackberry unpatented claims, covering several past-producing high-grade silver mines. The Company also staked 80 additional unpatented claims along the Hackberry mineralized trend.

In January 2017, the Company appointed John H. Wright as a director of the Company. Mr. Wright is a director of SilverCrest Metals Inc. and was a founder, director and former president and chief operating officer of Pan American Silver Corp.

In February 2017, the Company closed a non-brokered private placement of 7,160,611 units at \$0.18 for gross proceeds of \$1,288,910. Each unit consists of one common share and one half common share purchase warrant which is exercisable at \$0.30 until February 14, 2019.

In September, 2017, the Company closed a non-brokered private placement of 5,331,000 units at \$0.20 for proceeds of \$1,066,200. Each unit consists of one common share and one half of a common share purchase warrant. Each full warrant is exercisable at \$0.30 for a period of 24 months. The proceeds will be used to fund drilling on the Company's Hackberry Silver Project in Arizona and for working capital. The Company also issued 999,500 flow-through common shares at \$0.22 for proceeds of \$219,890 in a non-brokered private placement. The proceeds will be used to fund drilling on the Company's North Brenda (BC) gold-silver project in 2018.

## **OVERALL PERFORMANCE**

### **Results of Operations**

#### ***Hackberry Silver Property, Arizona***

In January 2017, the Company, through its US subsidiary, Trans Superior Resources, Inc., acquired an option (the "Option") from the Hughes Family Trust ("Hughes") to purchase a 100% interest in 12 patented lode mining claims comprising the core of the Hackberry property, a former high-grade silver producer in Mohave County, Arizona. Under the terms of the Option, the Company has made an initial payment of US\$50,000 (paid) and issued 1,500,000 common shares (issued) to Hughes. To complete the exercise of the Option and acquire a 100% interest in the patented claims, the Company is required to pay, on or before each of the next four (4) anniversary dates of Exchange acceptance, US\$62,500 and issue to Hughes 1,250,000 shares, for total consideration of US\$300,000 and 6,500,000 shares of the Company. Hughes will also retain a 3% net smelter returns royalty (the "NSR") on the patented claims and 13 of the Company's unpatented claims. Following exercise of the Option, the Company can buy half (1.5%) of the NSR for US\$1,500,000. Upon commencement of commercial production, Hughes will also receive minimum advance royalty payments of US\$940,000 per year for 5 years. On or before the fourth anniversary, the Company must have incurred or spent a cumulative minimum of US\$1,000,000 on exploration expenditures. In April 2017, the Company filed on SEDAR a NI 43-101-compliant technical report on the Hackberry Silver Project.

Also in January 2017, the Company entered into an option agreement with Ely Gold Royalties Inc. ("Ely") and Ely's wholly-owned subsidiary Nevada Select Royalty Inc. ("Nevada Select") to acquire a 100% interest in the North Hackberry claims (the "Option"). The North Hackberry unpatented lode claims host the past-producing Silver King high-grade silver mines. Under the terms of the Option, the Company will pay US\$20,000 (paid) and issue 200,000 common shares to Ely (issued). On or before the first anniversary date of Exchange acceptance, the Company will pay US\$30,000 and issue 100,000 shares to Ely. On or before the second anniversary date of Exchange acceptance, the Company will pay US\$50,000 and issue 100,000 shares to Ely. On or before the third anniversary date of Exchange acceptance, the Company will pay US\$50,000 and issue 200,000 shares to Ely for total consideration of US\$150,000 and 600,000 Bitterroot common shares to exercise the Option and acquire a 100% interest in the unpatented claims. Nevada Select will also retain a 3% net smelter returns royalty (the "NSR") on precious

metals (defined as silver, gold and platinum), a 2% NSR on all other products sold from the property and a 0.5% NSR on any unpatented lands which the Company acquires within a 2.66-mile radius of the North Hackberry claims, excluding the 12 patented and 17 unpatented claims subject to the Company's Option agreement with the Hughes Family Trust. On the first three anniversaries of the Option exercise, the Company will pay Nevada Select advance minimum royalty payments of US\$10,000 per year. On each of the fourth through tenth anniversaries of the Option exercise, the Company will pay Nevada Select advance minimum royalty payments of US\$15,000 per year. As a result of completion of the transaction with Ely and Nevada Select, the Company paid a finder's fee to an arms-length party, consisting of 60,000 common shares, to be followed by a second 60,000 common share payment on the first anniversary of Exchange acceptance.

The Company has staked a total of 97 unpatented mining claims on surrounding Federal land and now controls lands covering over eight (8) kilometres (5 miles) of prospective strike length along the Hackberry silver-gold mineralized structure.

In the period from March to June 2017, the Company's consultants and contractors conducted geological mapping, soil and rock sampling, ground-based and airborne magnetic surveys and two test IP lines. The aeromagnetic survey confirmed that the Hackberry mineralized trend presents as a northwest/southeast-trending linear magnetic low.

The Phase 1 drilling began on September 5 and was completed on November 24, 2017. This work tested the Main Hackberry and Hackberry South areas with a total of 1,582 metres drilled in eight (8) holes. Drill hole location maps and cross sections are available on the Company's website ([www.bitterrootresources.com](http://www.bitterrootresources.com)). The significant analytical results from the drill holes intersecting the mineralized zone are shown in Table 1 below. The mineralized intervals intersected in Phase 1 were generally narrower and lower grade than what is reported in historical documents describing past mining activities.

**Table 1**

Hole No.	From (m)	To (m)	Interval (m)	Estimated True Thickness (m)	Silver (grams/tonne)	Gold (grams/tonne)
HB-17-01	116.14	118.40	2.26	2.05	64	0.11
including	116.14	116.51	0.37	0.34	176	0.22
including	116.92	117.50	0.58	0.52	95	0.20
HB-17-02	110.94	111.72	0.78	0.71	29	0.06
including	111.59	111.72	0.13	0.12	141	0.24
HB-17-03	125.00	125.99	0.99	0.83	108	0.77
HB-17-04	200.84	201.91	1.07	0.97	106	0.44
HB-17-05	Drill hole lost immediately above target zone					
HB-17-06	213.73	218.60	4.87	3.56	259	0.33

including	216.25	217.90	1.65	1.21	667	0.82
HB-17-07	265.46	266.43	0.97	0.58	11	0.06
HB-17-08	77.86	78.93	1.07	1.07	79	0.28

The 1,500-metre Phase 2 drilling program will test the CMH, Silver King South and Silver King North targets, which are located 0.4 – 2 kilometres northwest of the Main Hackberry mine. Upgrading of existing access roads and construction of new drill roads and drill pads is currently underway. Drilling is expected to start in February 2018.

Glen W. Adams, P.Geo, is the Qualified Person responsible for the technical content of this disclosure.

### ***Michigan Lands, Michigan***

In September 2015, the Company and its wholly-owned Michigan subsidiaries entered into an agreement with Altius Minerals Corporation (ALS, TSX) (“Altius”) whereby the parties closed a strategic transaction (the “Transaction”) under which Altius has the option to finance future mineral exploration on the Company’s Voyageur Lands and Copper Range Lands in the Upper Peninsula of Michigan (the “Properties”). The primary exploration targets being pursued on Bitterroot/Altius’ Voyageur Lands are conduit-hosted, high-grade magmatic nickel-copper-PGM deposits similar to Lundin Mining’s Eagle and Eagle East deposits, which are located 65 km NE of the Voyageur Lands.

Altius has acquired a 50.1% interest in the Properties by funding \$600,000 of exploration expenditures. This was achieved mainly through funding a 4,590 line-kilometre VTEM Plus airborne magnetic and electromagnetic survey. Altius’ analysis of the VTEM Plus data and subsequent Maxwell modelling has resulted in the selection of ten high-priority targets and six secondary targets for follow-up. Prospecting around the VTEM Plus targets has identified an ultramafic high-level intrusion or flow, which enhances the exploration potential of several adjacent, high-priority VTEM Plus targets. Altius is in discussions with potential sources of funding for follow-up ground geophysics (Time Domain EM and gravity) and drilling to test these targets.

Altius has the right to acquire an additional 19.9% of the Properties by completing \$2.5 million in exploration spending by September 29, 2021, plus the right to acquire an additional 10% of the Properties by completing exploration spending of a further \$5 million, or completing an NI 43-101 compliant pre-feasibility study on a mineral resource on the Properties, both before September 29, 2025. Altius is currently the Operator of the exploration programs. The Company also granted to Altius a 2% net smelter returns (NSR) royalty on the Voyageur Lands (covering approximately 250 square miles of mineral rights) and assigned to Altius its right to repurchase a 1% NSR held by a third party on the Copper Range Lands. During the year ended October 31, 2016, the Company and Altius acquired State of Michigan metallic minerals leases covering an additional 3,050.87 contiguous acres.

### ***LM Property, Michigan***

In September 2014, the Company's Michigan subsidiary entered into an agreement whereby it purchased a third party's entire interest in a 40-acre minerals lease in Baraga County, Michigan, known as the "LM" Property. The LM Property is prospective for Ni-Cu-PGM mineralization. The Baraga Basin hosts several other nickel and copper sulphide-bearing mafic/ultramafic intrusions, including Lundin Mining's Eagle and Eagle East deposits and Rio Tinto's Bovine Igneous Complex. Ni-Cu-PGM-mineralized boulders have been discovered in gravel pits less than 2 km east and south ("down-ice") of the LM property. Shallow drilling in the 1990's intersected 190 metres of mafic intrusion hosted in Baraga Group sediments on the LM Property. Bitterroot's management plans to drill-test the intrusion at depths of 400-600 metres, preferably through a joint venture. The LM Property lease interest is not part of the Altius Transaction described above.

During the years ended October 31, 2015 and 2016, the Company and the lessors of the LM Property amended the terms of their mineral leases. The amendment gives the Company the option to reduce the current 3% net smelter returns royalty (NSR) to a 2% NSR by paying US\$1,000,000 at any time prior to December 31, 2064. In November 2015, the Company and the lessors agreed to extend the term of the LM Property mineral leases by 41 years to December 31, 2064. During the year ended October 31, 2017, the Company wrote-down certain Michigan exploration and evaluation assets of \$211,371.

Dr. Jules J. Lajoie, P.Eng is the Qualified Person responsible for the technical content of this disclosure.

### ***North Brenda Gold Property, British Columbia***

Following completion of a \$219,890 flow-through share financing in September 2017, Bitterroot's management plans to drill-test a high-grade, gold-bearing mineralized structure on the Company's North Brenda claims. The target, known as the Plateau Zone, is located in a recently logged, road-accessible area 25 km west of West Kelowna, one kilometer north of BC Highway 97C (Okanagan Connector).

The Plateau Zone hosts high-grade gold-bearing veins in hydrothermally altered granodiorite, together with untested gold-in-soil anomalies along a two-kilometer long aeromagnetic trend. Excellent road access and proximity to infrastructure will allow for low-cost drill-testing of these targets in the summer of 2018. Bitterroot's management has initiated consultation with local First Nations in advance of drilling.

The Plateau Zone's soil geochemical anomalies (gold, silver, arsenic, bismuth) occur in glacial till along a two-kilometer long structural trend. Trenching through shallow (1-3 metres) glacial till at the west end of the anomalous area exposed several parallel zones of structurally controlled gold mineralization, including a 0.25 metre-wide mineralized zone containing quartz veins and weathered sulphides. Fifteen samples taken along 25 metres of strike length in this zone averaged 33.4 grams Au/tonne. Cross trenches along 220 metres of strike length have also intersected parallel lower-grade gold-mineralized quartz veins. Details of the Plateau Zone exploration targets are available on the Company's website.

Jeffrey Rowe, P.Geo is the Qualified Person responsible for the technical content of this disclosure.

## SELECTED ANNUAL INFORMATION

The following table represents selected information of the Company for the three most recently completed financial years:

	October 31, 2017	October 31, 2016	October 31, 2015
Total revenue	\$ -	\$ -	\$ -
Loss and comprehensive loss for the year	725,583	281,647	333,847
Basic and diluted loss per share	(0.03)	(0.01)	(0.02)
Total assets	6,782,303	4,452,493	4,542,397
Total long term liabilities	148,086	-	-

During the year ended October 31, 2017, the Company wrote-down \$211,371 of capitalized expenditures on the Michigan Lands and recorded share based payments of \$174,162 from the issuance of 1,070,000 stock options.

## SUMMARY OF FINANCIAL RESULTS

### *Revenues*

Due to the Company's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Company currently does not have any revenues from its operations.

### *Expenses*

During the year ended October 31, 2017, the Company recorded a loss of \$725,583 (\$0.03 per share) compared to a loss of \$281,647 (\$0.01 per share) for the year ended October 31, 2016.

Expenses details during the year ended October 31, 2017 are as follows:

- a) Foreign exchange loss of \$15,480 (2016 – \$1,854) – the change in foreign exchange is due to fluctuations in US dollar exchange rates during periods on USD held cash and USD accounts payable.
- b) Interest expense of \$24,439 (2016 - \$289) - During the year ended October 31, 2017, the Company accrued interest of \$22,086 on non-current liabilities due to a non-arm's length party for management fees that bear interest at a rate of 12% per annum.
- c) Share-based payments of \$174,162 (2016 - \$32,651) – During the year ended October 31, 2017, the Company granted 1,070,000 (2016 – 1,200,000) stock options calculated using the Black-Scholes option pricing model.
- d) Write-down of exploration and evaluation assets of \$211,371 (2016 - \$Nil). During the year ended October 31, 2017, the Company wrote-down certain exploration and evaluation assets of \$211,371 related to several targets in the Michigan Lands.

The remaining expenses were relatively comparable to the same period of the prior year.

During the three months ended October 31, 2017, the Company recorded a loss of \$76,976 (\$0.00 per share) compared to a loss of \$70,471 (\$0.00 per share) for the three months ended October 31, 2016.

Expenses details during the three months ended October 31, 2017 are as follows:

- a) Foreign exchange gain of \$12,097 (2016 – loss of \$795) – the change in foreign exchange is due to fluctuations in US dollar exchange rates during periods on USD held cash and USD accounts payable.
- b) Interest expense of \$3,811 (2016 - \$289) - During the year ended October 31, 2017, the Company accrued interest of \$3,811 on non-current liabilities due to a non-arm's length party for management fees that bear interest at a rate of 12% per annum.
- c) Office and printing of \$27,247 (2016 – \$11,776) – the increase is related to additional activities in the current period including expenses related to conferences compared to the same period of the prior year.

The remaining expenses were relatively comparable to the same period of the prior year.

## SUMMARY OF QUARTERLY RESULTS

The following tables set forth a comparison of revenues and expenses for the previous eight quarters ending with October 31, 2017:

	<b>October 31, 2017</b>	<b>July 31, 2017</b>	<b>April 30, 2017</b>	<b>January 31, 2017</b>
Revenue	\$ nil	\$ nil	\$ nil	\$ nil
Loss for the period	(76,976)	(99,724)	(465,985)	(82,898)
Exploration and Evaluation assets	5,577,246	5,158,036	5,053,052	4,588,032
Total assets	6,782,303	5,665,091	5,770,184	4,625,278
Loss per share	(0.00)	(0.00)	(0.02)	(0.00)

	<b>October 31, 2016</b>	<b>July 31, 2016</b>	<b>April 30, 2016</b>	<b>January 31, 2016</b>
Revenue	\$ nil	\$ nil	\$ nil	\$ nil
Loss for the period	(70,471)	(52,644)	(65,934)	(92,598)
Exploration and Evaluation assets	4,418,045	4,396,698	4,426,171	4,428,271
Total assets	4,452,493	4,469,675	4,478,939	4,511,704
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

During the quarter ended April 30, 2017, the Company recorded share-based payments of \$163,856 and wrote-down certain exploration and evaluation assets of \$215,082 related to the Michigan Lands property.

During the quarter ended January 31, 2017, the Company recorded share-based payments of \$10,306.

During the quarter ended January 31, 2016, the Company recorded share-based payments of \$32,651.

## **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

As at October 31, 2017, the Company had cash of \$1,148,122, \$165,456 was owed to related parties, accounts payable and accrued liabilities were \$34,190 and the working capital was \$1,093,176. The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. The Company may require additional working capital to meet operating and exploration costs for the upcoming year.

In February 2017, the Company issued 7,160,611 units priced at \$0.18, for gross proceeds of \$1,288,910 in a non-brokered private placement. Each unit consists of one common share and one half of a common share purchase warrant. Each full warrant will be exercisable at \$0.30 for a period of 24 months. The proceeds will be used to fund exploration and acquisition costs on the Company’s recently-acquired Hackberry silver project and for working capital. Finders’ fees of \$65,010 and 301,770 share purchase warrants (broker warrants), exercisable on the same terms as the private placement warrants, were paid to third party finders.

In September, 2017, the Company closed a non-brokered private placement of 5,331,000 units at \$0.20 for proceeds of \$1,066,200. Each unit consists of one common share and one half of a common share purchase warrant. Each full warrant is exercisable at \$0.30 for a period of 24 months. The proceeds will be used to fund drilling on the Company’s Hackberry Silver Project in Arizona and for working capital. Finders’ fees of \$68,992 and 277,830 share purchase warrants (broker warrants), exercisable on the same terms as the private placement warrants, were paid to third party finders. The Company also issued 999,500 flow-through common shares at \$0.22 for proceeds of \$219,890 in a non-brokered private placement. The proceeds will be used to fund drilling on the Company’s North Brenda (BC) gold-silver project. Finders’ fees of \$9,709 were paid to third party finders.

In September, 2017, 70,000 stock options were exercised at \$0.10 for proceeds of \$7,000.

During the year ended October 31, 2017, the Company received loan proceeds of \$122,341 from a non-arm’s length party. The loan proceeds were unsecured, bearing interest at a rate of 12% per annum and were payable on demand. These loans and interest were repaid immediately following completion of the 7,160,611 unit private placement described above.

## **RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The following is a summary of related party transactions and balances during the year ended October 31, 2017:

- (a) Management fees of \$120,000 (2016 - \$120,000) were incurred from a company controlled by a director of the Company.
- (b) Share-based payments include stock options granted to directors and officers recorded at a fair value of \$148,960 (2016 - \$23,128).

During the year ended October 31, 2017, the Company received loan proceeds of \$121,772 (2016 - \$15,000) from a non-arm's length party and recorded interest expense of \$2,353 (2016 - \$289). The loan proceeds were unsecured, bearing interest at a rate of 12% per annum and were payable on demand. During the year ended October 31, 2017, the Company repaid the outstanding loan payable and accrued interest balance of \$138,840.

As at October 31, 2017, the Company owed \$17,370 (October 31, 2016 - \$126,000) in current liabilities and \$148,086 (2016 - \$Nil) in non-current liabilities to a company controlled by a director in common for management fees. During the year ended October 31, 2017, the company controlled by a director in common agreed to postpone the payment due date of \$126,000 management fees incurred for the period November 1, 2015 to October 31, 2016, until March, 2020. The amounts owing are unsecured and bear interest at a rate of 12% per annum. As at October 31, 2017, the Company accrued interest expense of \$22,086 which is included in non-current liabilities on the consolidated statements of financial position.

## **RISKS AND UNCERTAINTIES**

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing government law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Financial risks include commodity prices, interest rates and the Canadian dollar and the United States dollar, which are beyond the Company's control.
- Regulatory risks include the possible delay in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filing, the introduction of ever more complex reporting requirements, the escalating cost of which the Company must meet in order to maintain its exchange listing and the resulting potential for accounting errors which may lead to fines, interest charges and cash calls.

The Company's ability to meet its ongoing financial obligations will be determined by management's success in acquiring exploration and evaluation assets, obtaining equity financing, negotiating joint venture arrangements and facilitating the exercise of outstanding share purchase warrants and options. There can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. Details of funding commitments on the Company's exploration and evaluation assets are disclosed in Note 5 of the consolidated financial statements for the year ended October 31, 2017.

## **DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the consolidated financial statements for the year ended October 31, 2017 to which this MD&A relates. An analysis of the material components of the exploration and evaluation assets of the Company is disclosed in Note 5 of the consolidated financial statements for the year ended October 31, 2017 to which this MD&A relates.

## **OUTSTANDING SHARES, STOCK OPTIONS AND WARRANTS**

As at the date of this report, the Company has the following outstanding:

- 35,780,478 common shares
- Stock options:

<b>Number of Options</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
45,000	1.00	March 24, 2018
80,000	1.05	August 28, 2018
20,000	1.00	January 23, 2019
160,000	1.00	June 19, 2019
1,200,000	0.10	January 21, 2021
200,000	0.10	January 16, 2022
800,000	0.32	April 20, 2022
<b>2,505,000</b>		

- Warrants:

<b>Number of Warrants</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
3,882,075	0.30	February 14, 2019
2,943,330	0.30	September 19, 2019
<b>6,825,405</b>		

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## **PROPOSED TRANSACTIONS**

The Company continues to evaluate property acquisitions and dispositions, actively target sources of additional financing through alliances with financial, exploration and mining entities and to explore and develop its exploration and evaluation assets. Should it enter into agreements over new properties, it may be required to make cash payments and complete work expenditure commitments.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual reports could differ from management's estimates.

## **CONTINGENCIES**

There are no contingent liabilities.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### **Changes in Internal Control over Financial Reporting ("ICFR")**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited condensed consolidated interim financial statements and the audited consolidated financial statements and respective accompanying Management's Discussion & Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **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 values 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.

## **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RECENT ACCOUNTING POLICIES**

Please refer to the October 31, 2017 consolidated financial statements on [www.sedar.com](http://www.sedar.com).

## **FINANCIAL INSTRUMENTS**

Please refer to the October 31, 2017 consolidated financial statements on [www.sedar.com](http://www.sedar.com).

## **DIRECTORS AND OFFICERS**

Michael S. Carr, *CEO, President, Secretary & Director*

Terence S. Ortslan, *Director*

George W. Sanders, *Director*

John H. Wright, *Director*

Barney Magnusson, *Chief Financial Officer*