



**NORTHERN LION
GOLD CORP.**

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

This Interim Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) of Northern Lion Gold Corp. (“Northern Lion” or the “Company”) has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management discussion & analysis, being the Management Discussion & Analysis (“Annual MD&A”) for the fiscal year ended December 31, 2016. This Quarterly Highlights does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This Quarterly Highlights should be read in conjunction with the Annual MD&A, the audited financial statements of the Company for the years ended December 31, 2016 and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2017, together with the notes thereto. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for any future period.

The unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2017, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

External auditors, appointed by the shareholders, have not audited or reviewed the financial statements for the three and six month ended June 30, 2017 and did not performed the tests deemed necessary to enable them to express an opinion on these unaudited condensed interim consolidated financial statements.

For the purposes of preparing this Quarterly Highlights, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Northern Lion’s common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

These and additional documents are available for viewing on SEDAR at www.sedar.com. All dollar amounts included therein and in the following Quarterly Highlights are in Canadian dollars, the reporting and functional currency of the Company, except where noted. Information contained herein is presented as at August 29, 2017 (the “Report Date”), unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Quarterly Highlights may constitute “forward-looking statements” as the term is defined in applicable securities laws. The forward-looking information includes, without limitation, the success of exploration activities and other similar statements concerning anticipated future events, conditions or results that are not historical facts. These statements reflect management’s current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company’s control. Such factors include, among others, risks and uncertainties relating to exploration and development; risks arising as a result of the Company operating in Cyprus; the ability of the Company to obtain additional financing; the Company’s limited operating history; the need to comply with environmental and governmental regulations; potential defects in title to the Company’s properties; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; and other risks and

uncertainties. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the Report Date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

OVERVIEW AND OVERALL PERFORMANCE

Northern Lion is a Canadian mineral exploration company focused on the acquisition and exploration of gold-bearing mineral resource properties in Canada. The Company is a reporting issuer in Alberta and British Columbia and trades on the TSX Venture Exchange under the symbol “NL” and the Frankfurt Exchange under the symbol “N3E”. The Company has no revenues, thus its ability to ensure continuing operations is depended on its ability to obtain necessary financing to complete the acquisition and development of potential exploration and evaluation assets.

In September 2016, the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share. Outstanding stock options and warrants were adjusted by the consolidation ratio. All common shares and per common share amounts in this Quarterly Highlights have been retroactively restated to reflect the share consolidation.

In December 2016, the Company entered into certain shares-for-debt agreements, whereby the Company issued 884,095 common shares to settle \$109,243 of debt relating to unpaid director and consulting fees and expenses and other payables.

In December 2016, the Company completed a non-brokered private placement of 5,000,000 units of the Company at a price of \$0.10 per unit, for gross proceeds of \$500,000. Each unit consists of one common share and one transferable warrant to purchase an additional common share at a price of \$0.20 expiring in 5 years.

In January 2017, the Company entered into certain shares-for-debt agreements. Pursuant to the agreements, the Company issued 897,321 common shares to settle an aggregate of \$234,867 of debt relating to unpaid director and consulting fees and expenses and other payables.

EXPLORATION AND EVALUATION ASSETS

Riverside Property

In March 2017, the Company entered into an option agreement to acquire an undivided 100% interest in certain mineral claims located in Kamloops, B.C. (the “Riverside Property”).

	Riverside Property
	\$
Property acquisition costs	216,000
<i>Exploration expenditures:</i>	
Assays	345
Geological	10,000
Travel	476
	<hr/>
For the six month ended June 30, 2017	226,821

In order to exercise the option, the Company must:

- Pay \$70,000 cash to the optionor as follows: \$20,000 upon execution (paid); and an additional \$50,000 on or before March 9, 2018;
- Issue 400,000 common shares (issued) at a value of \$196,000 of the Company to the optionor;
- Incur exploration expenditures of \$75,000 on the Riverside Property within six months following exchange acceptance, which expenditures constitute a binding obligation on the part of the Company.

In connection with this agreement, the Company engaged a private company controlled by the optionor to incur the required exploration expenditures and made a payment of \$74,644 recorded as a prepaid expense.

The Riverside Property consists of three non-surveyed contiguous mineral claims totaling 491.60 hectares located on NTS maps centered at Latitude 50° 40' 0" Longitude -119° 59' 34". The claims are located within the Kamloops Mining Division of British Columbia. The Riverside Property is located 20 kilometres east of city of Kamloops, British Columbia, and overlooks Monte Creek on the South Thompson River.

The Riverside property lies within the Intermontane Belt of the Canadian Cordillera. The Louis Creek Fault zone is thought to mark the eastern margin of this belt and lies 10 kilometres to the east of the property.

Much of the area is underlain by Nicola Group (Triassic) volcanic and volcanoclastic rocks with local sedimentary units, commonly limestones. There is a predominant northwesterly strike to these units. The volcanics are typically green augite porphyritic andesites which are geochemically alkaline. In the Heffley Creek area to the north, the volcanics are intruded by a number of predominantly dioritic stocks of Triassic age.

In 1988, 1989, and 1990 Corona Corporation conducted geological and sampling programs over the Yoo Hoo and EP2 Grids located on the current claims. Both areas, within the Nicola volcanics, displayed strong fracturing with associated veining and alteration. In 1989, of 160 rock grab samples collected, 16 returned gold values between 1 g/t and 14.57 g/t. The 1989 geological mapping shows clear relationships between the various structures, vein sets, and alteration, and identified a number of alkalic dykes on the Yoo Hoo grid gossan zone. Detailed chip sampling confirmed that the north-westerly trending grey quartz veins were auriferous (up to 10.52 g/t Au sample 10.52) and geochemically anomalous in As and locally Sb and Mo. The 1990 mapping and sampling of the gossan zone illustrated the is gossan a north dipping structurally controlled alteration and vein zone some 300 metres long and 40 metres wide.

In 1990, Corona Corporation completed a total of 350.5 metres reverse circulation drilling in two holes. In Hole PL-RC-90-2 the maximum gold value from the drilling was 90 ppb. An interval from 127 metres to 155 metres was the most anomalous zone with gold values ranging from 5-90 ppb for an average of 47 ppb over 28 metres.

Based on the review of the historical data and results of the present study, it is concluded that the Riverside Property is a property of merit and possesses good potential for the further discovery of gold mineralization.

In order to continue to evaluate the economic potential of the Riverside Property, a program of property mapping, trenching, and ground geophysics is warranted. The expected cost of the program is \$118,085 CDN.

The suggested work program includes a compilation of all historical geological, geophysical, and geochemical data available for the Riverside Property, and the rendering of this data into a digital database in GIS formats for further interpretation. This work will include georeferencing historical survey grids, samples, trenches, geophysical survey locations, and detailed property geological maps.

The fieldwork component will include induced polarization geophysical surveying, geological mapping, and trenching and sampling as warranted. The intent of this work would be to re-define the, epithermal mineralization.

Recommended exploration budget:

Item	Unit	Rate	Number of Units	Total (\$)
Creation of GIS Database	Lump Sum	\$7,500	1	\$7,500
Geological mapping and Prospecting 2 person crew	Days	\$950	16	\$15,200
Geophysical Survey IP Survey	Line-km	\$3,000	15	\$45,000
Geologist	Days	\$750	16	\$12,000
Assaying rock samples	Sample	\$32	250	\$8,000
Accommodation and Meals	Days	\$175	48	\$8,400
Vehicle 1 truck	Days	\$150	15	\$2,250
Supplies and Rentals	Lump Sum	\$1,500	1	\$1,500
Reports	Lump Sum	\$7,500	1	\$7,500
		Subtotal		\$107,350
Contingency (10%)				\$10,735
TOTAL				\$118,085

The “NI 43-101 Technical Report of the Riverside Property” dated March 24, 2017 was prepared by Derrick Strickland, P. Geo., and can be found on SEDAR at www.sedar.com.

During July 2017, the Company surveyed approximately 20-line kilometers of grid and acquired 456 soil samples at 25-meter stations along lines spaced 50 meters apart and varying in length from 300 meters to 1200 meters.

Areas not previously geologically sampled were investigated, and representative rock samples were taken from these areas located outside of the previously mapped terrane.

The Company is in the process of completing the digitization of historical data as well as updating the property GIS compilation database.

As at the date of the MD&A, assays for the soil samples are pending.

Quality Control and Quality Assurance

The scientific and technical content and interpretation contained in this MD&A have been reviewed and approved by Derrick Strickland, P. Geo., APEGBC-278779, a Qualified Person as defined by NI 43-101, Standards of Disclosure for Mineral Projects.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information derived from the Company's unaudited condensed interim consolidated financial statements, for each of the eight recently completed quarters. The financial information has been reported in accordance with IFRS. This 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. Significant areas requiring the use of management estimates relate to the deferral and valuation of exploration expenditures. Actual results may differ from these estimates.

Period	Other items	Recovery of exploration and evaluation assets	Operating expenses	Income (loss) for the period	Net income (loss) per share, basic and fully diluted
	\$	\$	\$	\$	\$
June 30, 2017	2,440	-	(56,979)	(54,539)	(0.01)
March 31, 2017	(211,344)	-	(48,327)	(259,671)	(0.03)
December 31, 2016	(244,053)	-	(89,195)	(333,248)	(0.22)
September 30, 2016	12,200	-	(23,634)	(11,434)	(0.01)
June 30, 2016	17,079	-	(64,048)	(46,969)	(0.03)
March 31, 2016	9,759	-	(34,931)	(25,172)	(0.02)
December 31, 2015	-	-	(62,773)	(62,773)	(0.04)
September 30, 2015	(2,439)	216,179	(39,805)	173,935	0.12

The Company's future financial success will be dependent upon the ability to obtain necessary financing to complete the development of reserves or the discovery and development of a body of commercial ore. Such discovery and development may take years, if at all, to complete and the amount of resulting income, if any, is impossible to determine.

The Company receives interest from cash balances. These amounts fluctuate from quarter to quarter and year to year depending on its outstanding cash balance. The Company has not yet earned revenue from any of its mineral properties. If a property is determined to have limited exploration potential the property is abandoned and expenditures are written off to operations.

For the quarters ended December 31, 2016 and March 31, 2017, the higher net losses are related to certain shares-for-debt transactions, whereas the Company issued the shares at a value of \$353,638, resulting in a loss on settlement of accounts payable of \$244,396 during the three months ended December 31, 2016, and issued shares at a value of \$358,928, resulting in a loss on settlement of accounts payable of \$233,303 during the three months ended March 31, 2017.

RESULTS OF OPERATIONS

During the three months ended June 30, 2017 and June 30, 2016

The Company had a net loss of \$54,539 for the three months ended June 30, 2017 compared to a net loss of \$46,969 in the comparative period of 2016. The change was primarily due to the following:

- Unrealized gain on marketable securities of \$2,440 during the three months ended June 30, 2017 compared to \$17,079 in the comparative period in 2016.
- General and administrative costs decreased by \$7,069 primarily due to a combination of the following factors:
 - Decrease in office and general expenses of \$4,873, primarily due to the Company having fewer transactions since its Cyprus mineral property was abandoned.
 - decrease in rent of \$7,500 due to abandoning office space.
 - increase in management fees of \$4,040, filing and regulatory fees of \$2,703, primarily due to higher fees related to new projects.
 - decrease in foreign exchange loss of \$2,316 due to the fluctuation of Euros to Canadian dollars.

During the six months ended June 30, 2017 and June 30, 2016

The Company had a net loss of \$314,210 for the six months ended June 30, 2017 compared to a net loss of \$72,141 in the comparative period of 2016. The change was primarily due to the following:

- General and administrative costs increased by \$6,327 primarily due to a combination of the following factors:
 - decrease in office and administration expenses of \$5,417, primarily due to the Company having fewer transactions since its Cyprus mineral property was abandoned.
 - decrease in rent of \$15,000 due to abandoning office space.
 - increase in management fees of \$16,571 due to higher management fees related to new projects.
 - increase in professional fees of \$14,844 due to higher accounting and legal fees related to new projects.
 - decrease in foreign exchange loss of \$4,124 due to the fluctuation of Euros to Canadian dollars.
- The Company recorded a non-cash loss on settlement of debt of \$233,303 (June 30, 2016 - \$Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2017, the Company had working capital of \$464,132 (December 31, 2016 - \$369,461) and a cash position of \$330,084 (December 31, 2016 - \$519,188). The increase in the working capital of \$94,671 was primarily due to the recent completion of shares-for-debt transactions. Pursuant to the agreements, the Company issued 897,321 common shares to settle \$125,625 of debt relating to unpaid director and consulting fees and expenses and other payables.

	June 30, 2017	December 31, 2016
	\$	\$
Cash	330,084	519,188
Marketable securities	65,877	41,478
Receivables	4,902	6,127
Prepays	82,422	2,033
Total current assets	483,285	568,826
Accounts payable and accrued liabilities	8,653	100,345
Due to related parties	-	99,020
Advances	10,500	-
Working capital	464,132	369,461

The Company does not currently have any revenue generating assets or operations. The Company will require additional financial resources to explore, quantify and develop its mineral properties. The continued operations of the Company and the recoverability of the amounts reported for resource property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development programs, and upon future profitable production.

CAPITAL RESOURCES

The discovery, development and acquisition of mineral properties are in many instances unpredictable events. Future metal prices, the success of exploration programs and other property transactions can have a significant impact on capital requirements. The Company does not expect to receive any income from any of its properties within the foreseeable future. Should the Company decide to further develop any of its properties, the Company may fund its capital requirements by arranging further financings via private placements or other financial instruments deemed appropriate.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes 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 Company entered into the following transactions with related parties during the six months ended June 30, 2017:

- a) Incurred management fees of \$45,000 (June 30, 2016 - \$25,863) to a company controlled by John Lando, a director and Chief Executive Officer of the Company.
- b) Incurred management fees of \$6,917 (June 30, 2016 - \$9,483) to Tammy Gillis, Chief Financial Officer of the Company.

Summary of key management personnel compensation (includes officers and directors of the Company):

	For the six months ended June 30,	
	2017	2016
Management fees	\$ 51,917	\$ 35,346

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of cash and marketable securities are based on level 1 inputs of the fair value hierarchy.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 has historically relied upon equity financings and related party loans to satisfy its capital requirements and will continue to depend heavily upon equity capital and possible loans to finance its activities. The Company manages liquidity risk through its capital management as outlined in Note 11 above. Accounts payable and accrued liabilities are due within one year.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, marketable securities, and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The majority of the Company's cash is held with major Canadian based financial institutions. Receivables mainly consist of refundable GST from the Government of Canada and VAT from the Cypriot tax authorities.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

Currency Risk

The Company operates in Canada and the Republic of Cyprus and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's cash, receivables, accounts payable and accrued liabilities and exploration and evaluation assets are held in several currencies and therefore are subject to fluctuations against the Canadian dollar. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's marketable securities are classified as held for trading and trade on the stock market. The Company closely monitors its marketable securities stock market movements and commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities amounting to \$65,877 are subject to fair value fluctuations. As at June 30, 2017, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, loss and comprehensive loss for the six months ended June 30, 2017 would have been approximately \$6,588 higher/lower. Similarly, as at June 30, 2017, reported equity would have been approximately \$6,588 lower/higher as a result of a 10% decrease/increase in the fair value of the Company's marketable securities.

Financial Assets

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments. The Company's financial assets were held in the following currencies:

Stated in Canadian Dollars				
As at June 30, 2017				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Cash	278,816	11,703	39,565	330,084
Accounts receivable	3,773	-	1,129	4,902
Marketable securities	65,877	-	-	65,877

Stated in Canadian Dollars				
As at December 31, 2016				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Cash	461,344	12,160	45,684	519,188
Receivables	4,231	-	1,896	6,127
Marketable securities	41,478	-	-	41,478

Financial Liabilities

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments. The Company's financial liabilities were held in the following currencies:

Stated in Canadian Dollars			
As at June 30, 2017			
Carrying Value	Canadian Dollar	European Euro	Total
Accounts payable	7,931	723	8,653
Advances	10,500	-	10,500

Stated in Canadian Dollars			
As at December 31, 2016			
Carrying Value	Canadian Dollar	European Euro	Total
Accounts payable	100,008	337	100,345
Due to related parties	99,020	-	99,020

RISK AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Early Stage

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company currently has no source of revenue and expects to obtain financing in the future primarily through further equity and/or debt financing, as well as possibly through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. While it has been successful in obtaining financing in the past, there is no guarantee that the Company will be successful now, or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its mineral properties.

Exploration and Development

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

The Company does not have any operating mines at present. All the Company's properties are in the exploration stage only, without a known body of commercial bodies of ore. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties and substantial additional work will be required in order to determine the presence of any such deposit.

Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Global Financial Conditions

Recent global financial conditions have been characterized by increased volatility and access to public financing, particularly for junior mineral exploration companies, has been negatively impacted. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. If these increased levels of volatility continue, the Company's operations and the trading price of the common shares could be adversely affected.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation may provide restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for noncompliance.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- *Recoverability of exploration and evaluation assets:* Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Critical accounting judgments

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- *Going concern of operations:* The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

- *Determination of provisions for income taxes and the recognition of deferred income taxes:* In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

NEW OR REVISED ACCOUNTING STANDARDS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended June 30, 2017 and have not been applied in preparing these condensed interim consolidated financial statements:

IFRS 2 – Share Based Payments: the amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

IFRS 9 – Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Clarifications to IFRS 15 “Revenue from Contracts with Customers” issued. The amendments do not change the underlying principles of the standard, just clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

MANAGEMENT OF CAPITAL

The Company's capital structure consists of items in equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

OUTSTANDING SHARE DATA

The Company's authorized share capital is 100,000,000 common shares, without par value. As at the Report Date, there were 8,662,600 common shares outstanding.

As at the Report Date, the following warrants were outstanding:

Outstanding Warrants		
Number of Warrants	Exercise Price	Expiry Date
5,000,000	\$ 0.20	December 30, 2021

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's audited consolidated financial statements for the year ended December 31, 2016;
- the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2017.

This Quarterly Highlights has been approved by the Board effective August 29, 2017.