



Management's Discussion and Analysis For the Nine Months Ended May 31, 2017

Date: July 31, 2017

This Management Discussion and Analysis ("MD&A") relates to the financial position and results of operations of ML Gold Corp. (formerly Cap-Ex Iron Ore Ltd.) ("ML Gold" or the "Company") for the nine months ended May 31, 2017. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended May 31, 2017 (the "Financial Statements"). The Financial Statements and related notes have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all references to currency in this MD&A are in Canadian dollars.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Overview of the Company

ML Gold Corp. is a Canadian listed company, focused on the exploration and development of its Canadian and United States mineral projects. The Company is currently exploring the Aspen gold and Later copper-gold properties in British Columbia, Canada, and its newly acquired Palmetto gold project in Nevada, USA. Additionally, the company is retaining the Block 103 iron ore project ("Schefferville") in Labrador, Canada, which hosts an initial NI 43-101 inferred resource of 7.2 billion tonnes at 29.2 per cent total iron.

In December 2015, Adrian Smith was elected to join the Company's Board of Directors.

In June 2016, Brett Matich resigned as President and Director of the Company. Adrian Smith was appointed President.

In July 2016 (later amended in October 2016), the Company entered into an agreement with a related company to acquire a 90% interest in the Aspen Gold Property located in central British Columbia for a purchase price of \$100,000. The vendor will retain a 10% interest in the property.

In July 2016, the Company entered into a property option agreement with Pacific Empire Minerals Corp. whereby the Company is granted the option to acquire up to 70% interest in the Later Gold-Copper Property located in central British Columbia. Pursuant to the terms of the agreement, the Company can earn an initial 51% interest in the property over a four year option term by completing \$2,000,000 in exploration expenditures on the property and issuing 1,000,000 common shares of the Company. Upon completion of the 51% earn-in, the Company can earn an additional 19% interest in the Property (for a total interest of 70%) by issuing an additional 500,000 common shares and incurring a further \$3,000,000 in property expenditures within two years.

In August 2016, the Company entered into a mineral property exploration rights and sales agreement with TTM Resources Inc. ("TTM") to purchase a 100% interest in three claims adjoining the south-eastern part of the Company's Aspen Property. Pursuant to the terms of the agreement, the Company paid TTM \$25,000, issued 250,000 common shares and granted TTM a 2% NSR on the property. The Company may reduce the NSR to 1.0% by paying the sum of \$500,000 to TTM.

In August 2016, the Company closed a non-brokered private placement for gross proceeds of \$600,000 which consisted of the issuance of 10,000,000 units at a price of \$0.06 per unit. Each unit consisted of one common share and one half share purchase warrant. Each whole warrant is exercisable for two years at an exercise price of \$0.09 per warrant.

In September 2016, the Company granted 3,350,000 stock options to certain officers, directors and consultants of the Company for a term of five years exercisable at a price of \$0.10 per common share.

In October 2016, the Company entered into an option agreement to acquire a 100% right, title and interest to unpatented mining claims (the "Palmetto Project") located in Nevada. In order to exercise the option and acquire the Palmetto Project, the Company must make option payments totalling US\$1,450,000 over a period of three years. Upon full payment of the option payments, the Company will acquire the Palmetto Project free and clear of any royalties.

In November 2016, the Company closed a non-brokered private placement for gross proceeds of \$2,220,000 which consisted of the issuance of 18,500,000 units at a price of \$0.12 per unit. Each unit consisted of one common share and one half purchase warrant exercisable for two years at an exercise price of \$0.20 per warrant. A finder's fee of 7% cash was paid on a portion of the private placement. The private placement included 475,000 units issued to settle accounts payable of \$57,000.

In December 2016, the Company granted 200,000 stock options to a consultant of the Company for a term of five years exercisable at a price of \$0.15 per common share.

In March 2017, the Company granted 2,000,000 stock options to certain officers, directors, and consultants of the Company for a term of five years exercisable at a price of \$0.22 per common share.

In April 2017, the Company granted 500,000 stock options to certain consultants of the Company for a term of five years exercisable at a price of \$0.22 per common share.

In April 2017, the Company entered into a binding letter of intent with Accend Capital Corporation ("Accend") to sell 100% of the Company's Schefferville property (the "Transaction"). In consideration for the sale of the Schefferville property, the Company would receive a series of cash payments and share issuances as follows:

Date	Consideration
Closing:	A cash payment of \$200,000 and the issuance of 12,000,000 common shares of Accend.
Two-year Anniversary of Closing:	A cash payment of \$800,000 (the Company will be entitled to receive 10% of the gross proceeds of any financing completed by Accend following closing of the Transaction as a credit towards this payment).
Completion of Pre-Feasibility Study on the Property:	A cash payment of \$5,000,000, or at the election of Accend an equivalent value of common shares of Accend.

Completion of Bankable Feasibility Study on the Property:	A cash payment of \$15,000,000 or, at the election of Accend, an equivalent value of common shares of Accend.
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In May 2017, Accend and the Company mutually agreed to terminate the letter of intent; as a result, the Company continues to hold its 100% interest in the Schefferville property.

Summary of Properties

Exploration and Evaluation Properties

For the nine months ended May 31, 2017, the Company incurred exploration and evaluation expenditures of \$1,873,864 as compared to \$Nil in the comparative period for 2016.

	Later \$	Aspen \$	Palmetto \$	Total \$
Property acquisition costs	11,416	125,676	248,985	386,077
<i>Exploration expenditures:</i>				
Camp accommodation	21,297	-	-	21,297
Drilling	187,566	12,573	819,334	1,019,473
Equipment	13,910	-	-	13,910
Geological	74,078	45,990	280,247	400,315
Transportation	16,396	16,396	-	32,792
Nine months ended May 31, 2017	324,663	200,635	1,348,566	1,873,864

The Schefferville Property:

Block 103

The Block 103 iron ore property covers 7,245 hectares within the Labrador Trough, 30 kilometres northwest of the mining town of Schefferville near the border of Quebec, Canada. Block 103 lies immediately north and parallel to Tata Steel/New Millennium Iron Corp.'s LabMag magnetite deposit and southeast of their KeMag magnetite deposit, which have a combined mineral resource of approximately 8 billion tonnes of measured and indicated resources and 2 billion tonnes of inferred resources. Block 103 is strategically located close to an existing railway that runs south linking to the shipping port of Sept Iles, Quebec.

Block 103 lies predominantly within the Schefferville Lithotectonic Zone, which includes the Greenbush Zone, however, the western edge of the claim block lies west of the Stakit Lake Fault in the Tamarack Lithotectonic Zone. The Tamarack Zone, which also hosts the LabMag and Kemag deposits, typically has only the one instance of the Sokoman Iron Formation with no thrust-fault repetition. The Schefferville Lithotectonic Zone is known in the extensive geological literature to host multiple shallow-east-dipping thrust fault that repeats the stratigraphy, including the iron oxide members of the Sokoman Formation. This fault-repetition creates the potential for significantly more tonnage per unit surface area, and these occurrences have been observed in the drilling results throughout the Greenbush Zone.

Greenbush Zone

The drilling program on Block 103's Greenbush Zone to date has enabled the Company to outline an area that hosts significant magnetite mineralization. The outlined area, called the Greenbush Zone, is underlain by a continuous magnetite bearing horizon (Sokoman Formation). (Refer to Greenbush Zone Map, which can be found at www.mlgoldcorp.com.)

On February 4, 2013, the Company released the results of the initial NI 43-101 mineral resource estimate on an area within the Greenbush Zone which was the primary focus of the 2012 exploration program. Watts, Griffis and McOuat ("WGM"), Consulting Geologists and Engineers of Toronto, Ontario estimated an inferred resource of 7.2 billion tonnes at 29.2% total iron (18.9% magnetic iron). This resource estimate is based on a cut-off grade of 12.5% magnetic iron (magFe%). The inferred resources cover an area with a strike length of approximately 4 kilometres (km) and a width of 2.5 km.

In September 2014, the Company entered into an agreement with Tata Steel Minerals Canada Limited ("TSMC") in respect of roadway access and direct shipping iron ore exploration over the Company's Schefferville property located in Western Labrador. Pursuant to the agreement, the Company agreed to assist TSMC in obtaining surface rights for a roadway through the property to connect adjoining properties of TSMC. TSMC would be solely responsible for all work, costs and expenses required to build the roadway and for continued use of roadway, including maintenance. Furthermore, TSMC also agreed on the following:

- Pay \$350,000 (received) to the Company on execution of the agreement;
- Incur \$450,000 of exploration costs as part of the Exploration Plan by no later than September 30, 2015 (incurred by TSMC)

TSMC had the right to advise the Company on or before September 30, 2015 that they could enter into a joint venture agreement in connection with the Schefferville property whereby both parties would negotiate in good faith for a period of 90 days. However, if TSMC did not wish to continue with the Exploration Plan or both parties could not agree on a joint venture agreement, TSMC would pay \$200,000 to the Company in full satisfaction of its exploration commitment.

In March 2016, the Company entered into a final settlement agreement with TSMC whereby the \$200,000 was paid to the Company in monthly installments from March 2016 through to August 2016.

In March 2016, the Company released the results of a ground gravity survey conducted by TSMC on the Company's Block 103 property. As an initial follow up on the recent ground gravity program in the summer of 2015 TSMC completed 3-diamond drill holes testing only one area on the eastern edge of the Block 103 property near the newly constructed access road. Drilling conducted by TSMC was concentrated close to existing access and did not adequately test the best parts of nor all the targets. Consequently there was no DSO style mineralization intersected within the 3 drill holes conducted by TSMC.

Block 103-Greenbush Zone Initial NI 43-101 Resource Report

The Block 103 deposit is predominantly composed of magnetite and a process flowsheet based on progressive particle size reduction and magnetic separation, which is conventional and proven for this type of mineralization, is being developed. Based on laboratory test results, metallurgical performance for the operation has been projected as follows:

Magnetite Recovery	93.7%
Concentrate Iron Grade	70.0%
Concentrate Silica Grade	3.4%
Concentrate Liberation Size P100	75µ
Ore Hardness SMC (Axb) BWi (kWh/t at p80-32um)	37 15.5

These results are in line with similar deposits in the region. Results to date suggest that the concentrate that will be produced and that will feed the pelletizing plant will have the following chemical composition:

Fe	SiO ₂	Al ₂ O ₃	MgO	CaO	Na ₂ O	K ₂ O	Ti	Mn	P	Cr
70%	3.40%	0.08%	0.10%	0.11%	0.07%	0.01%	0.02%	0.046%	0.006%	0.02%

The aforementioned results are based on the northern and eastern sectors of the deposit and are deemed to reasonably represent the first thirty years of operation according to the mine development plan envisioned at this time.

Aspen Gold Property

The Aspen Property is located approximately 75 kilometers southwest of Vanderhoof, British Columbia, Canada, in the Omineca Mining Division. The property consists of 16 mineral claims totaling 7,450 hectares, whereas of the date of this report, all claims are owned in part or in whole, by ML Gold as outlined below.

The Company has entered into an agreement (the "First Agreement") with a company controlled by Andrew Bowering and Graham Harris (the "First Optionor"), directors of the Company, to purchase a 90% interest in 12 of the mineral claims comprising the Aspen property and covering an area of 5,537 hectares through the payment of cash. Whereby the First Optionor retains 10% interest that is carried to the point at which a bankable feasibility study, if any, is completed. Upon the completion of a bankable feasibility the company and the First Optionor have agreed to enter into a joint venture agreement. There are no royalties subjected upon the 90% interest of the 12 mineral claims purchased by ML Gold from the First Optionor under the First Agreement.

Additionally, the Company entered into an agreement (the "Second Agreement") with TTM Resources Inc. ("TTM") to purchase a 100% interest in three of the mineral claims comprising the Aspen property and covering an area of 1,874 hectares through the payment of cash and common shares in ML Gold. The purchase of these claims is subject to a 2% net smelter return royalty where the Company may, at any time, reduce the net smelter return royalty to 1% by paying the sum of \$500,000 to TTM.

The Aspen Gold Property is strategically located within the "Nechako Uplift" block identified by New Gold Inc. Recent airborne magnetic geophysical surveys completed by Geoscience BC (2014) have identified distinct ovoid magnetic response halos (~5km in diameter) representing granitic porphyry stocks proximal to both the Blackwater deposit and Aspen. Given the proximity of these stocks to the Blackwater, Capoose, and Chu deposits in the region, they are interpreted to have a first order control on the mineralization within the district. Aspen is ideally located on the margin of one of these two distinct

halos, where the Blackwater deposit sits on the margin of the other. The property has high potential to host significant Au-Ag mineralization in a similar structural and geological setting as Blackwater.

Exploration in 2016 by the Company included a small soil sampling program resulting in the collection and analysis of 169 soil samples. The survey was successful in outlining a molybdenum-in-soil anomaly that measures 2000 m by 850 m, and remains open to the north, south and to the west.

Exploration to date in 2017 by the Company has included an induced polarization ("IP") geophysical survey program conducted in March of 2017, and consisted of 9 line kilometers in three separate lines. Results from the survey identified a large 1.1 kilometre chargeability anomaly with coincident resistivity in an area with minimal but highly anomalous silver in soil values. It is postulated that the new anomaly occurring completely within the Southern Block of the Apsen project could be related to Blackwater style mineralization. Additional soil samples are recommended to cover the area, followed by additional IP lines to close off the anomaly both to the north and south of the current reconnaissance IP line, followed by drill testing of the target. Currently Budgets and timing for the remaining 2017 work-field programs are being reviewed by the Company.

Pinnacle Reef Copper- Gold Property

In July 2016, the Company entered into a mineral property option agreement (the "Agreement") with Pacific Empire Minerals Corp. (the "Optionor") whereby ML Gold is granted the option (the "Option") to acquire up to a 70% interest in the Pinnacle Reef Property (the "Property"), 50 kilometres (km) northwest of the Mt. Milligan Copper-Gold mine in Central British Columbia.

The Pinnacle Reef Property consists of 24 mineral claims covering approximately 6,653 hectares within the prolific Quesnel Terrane in Central B.C. The Property is accessible by vehicle and within 50km of hydroelectric power and railway. Interest in the region has been renewed by increased metal prices and the recent acquisition of the Mt. Milligan mine by Centerra Gold Inc.

The Property encompasses multiple target areas within an approximately 6 by 7 kilometers anomalous chargeability area. Several areas identified have the potential to host significant copper-gold mineralization. Recent drilling by the Optionor in 2015 tested the highest chargeability area on the outskirts of one of the interpreted intrusive centers and intersected a pyrite dominated, lower temperature portion of a large hydrothermal system. The 2015 drilling included DD15ELB001 which intersected 94 meters grading 0.34 grams per tonne gold (BC Assessment Report # 35824). Additional drilling and analysis has led the Company to believe the areas targeted during the 2016 drilling program are occurring on the margin of a large porphyry system. ML Gold plans to use the alteration patterns identified in recent and historic drilling, paired with the previously un-modeled geophysics purchased in January 2017, to target higher temperature mineral assemblages commonly associated with copper -gold mineralization. This newly identified "donut" target zone, covered by a thin veneer of glacial material, is represented by a large halo of IP chargeability, moderate resistivity and magnetic highs, and is approximately 3,000 metres to the northwest of the previous drilling.

The Company plans to complete a deep-sensing IP survey to image beneath the 2km wide "donut" prior to conducting a follow-up drilling program during the 2017 field season. The purpose of the deep-sensing IP program is to identify possible source or "conduit" or "pipe" where possible centralized porphyry intrusions and mineralizing fluids are concentrated at depth. Specific timing and budgets for the 2017 work/field program at the Pinnacle Reef are currently under review.

Under the terms of the Agreement, the Company can earn a 51% interest in the Property over a four year option term by completing \$2,000,000 in exploration expenditures on the Property and issuing 1,000,000 common shares of ML Gold as follows:

Expenditure deadline	Expenditure requirement (\$)	Share issuance requirement
July 28, 2017	(completed) 150,000	-
July 28, 2018	(completed) 250,000	200,000
July 28, 2019	600,000	300,000
July 28, 2020	1,000,000	500,000
Total Requirement	2,000,000	1,000,000

Upon completion of the 51% earn-in, ML Gold can earn an additional 19% interest in the Property, bringing the total interest to 70%, by issuing an additional 500,000 common shares and incurring a further \$3,000,000 in property expenditures within two years.

If and when ML Gold earns an interest, either 51 or 70 percent, ML Gold and the Optionor will enter into a joint venture on standard industry terms.

Palmetto Project

In October 2016, the Company entered into an option agreement (the "Option Agreement") to acquire a 100% right, title and interest to a total of 30 unpatented mining claims (the "Palmetto Project"). The Palmetto Project is located in Esmeralda County, Nevada, within the southern portion of the Walker Lane gold trend.

The Project is being vended by four optionors (the "Vendors"). The option (the "Option") to acquire the Palmetto Project from the Vendors may be exercised by the Company as follows:

Payment Date	Cash payment (US\$)
October 15, 2016	(paid) 50,000
December 14, 2016	(paid) 100,000
October 15, 2017	150,000
October 15, 2018	150,000
October 15, 2019	1,000,000
Total Requirement	1,450,000

(the payments above, collectively, equal the "Option Exercise Price").

Upon payment of the full Option Exercise Price, the Company will have acquired the Palmetto Project free and clear of any royalties.

The Option Agreement contains other customary terms including the right of the Company to act as Operator on the Palmetto Project prior to exercise and a right of first refusal granted to the Company by the Vendors on additional unpatented mineral claims that the Vendors acquire within one (1) US mile of the Palmetto Project.

The property includes two significant gold mineralized areas, the "Discovery Zone" and the "Northwest Zone". The Discovery Zone is at least 800 meters long and over 100 meters wide in areas, where the Northwest Zone historically is overlooked (minimal drilling) and is completely open in all directions. The

main mineralization on the property is thought to be low sulphidation epithermal gold – silver style which appears to be concentrated along steeply dipping structures, but also “leaks” or diffuses along certain preferential bedding contacts and or horizons. Historically significant work has been conducted on the property since its discovery in 1989 by Phelps Dodge mining company. Since then, the project has seen minimal work and as such a proper resource calculation was never completed. In early 2017, the Company is planning and implementing a drilling program including up to 15 holes which will allow a first ever resource to be calculated on the property. ML Gold Corp has contracted the independent engineering firm WSP Canada Inc to complete a maiden resource which will incorporate the new drilling and is expected to be completed near the end of this coming field season. As part of the resource calculation, WSP will produce a NI 43-101 compliant report which will include the new anticipated drilling results and also include and summarize all the historical work on the property.

Quality Control and Quality Assurance

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

Overall Performance

Operating expenses for the nine months ended May 31, 2017 were \$1,505,876 versus \$84,861 in the comparative period ended May 31, 2016. The higher operating expenses is partly the result of the increase in corporate activities which led to higher operating expenses in investor relations, share based compensation, consulting fees, and office and administration.

The Company recognized a net and comprehensive loss of \$1,522,216 in the nine months ended May 31, 2017 versus a net and comprehensive income of \$73,261 in the comparative period ended May 31, 2016. The higher net loss in the current year is solely attributable to the increase in operating expenses. In the comparative period, the Company recorded a recovery of \$185,706 on exploration and evaluation properties and a loss of \$27,584 on disposal of property and equipment.

The total net increase in cash during the nine months ended May 31, 2017 was \$459,220 compared to a decrease of \$24,688 in the comparative period ended May 31, 2016. The increase in cash in the current period was the result of closing the Company's private placement in November 2016, but the increase was offset partially by cash outflows from operating activities of \$541,635 and exploration expenditures of \$2,134,455. In the comparative year, the Company experienced a decrease in cash from operating activities of only \$116,910.

During the nine months ended May 31, 2017, the Company incurred property acquisition costs of \$386,077 and exploration expenditures of \$1,487,787 whereas in the comparative period, the Company had a recovery of \$185,706 (on its Schefferville properties) which was the result of an equipment recovery and recovery from proceeds received in connection with the TSMC agreement.

Results of Operations

The following table sets forth selected financial information from the Financial Statements for the three and nine months ended May 31, 2017 and May 31, 2016:

	For the three months ended		For the nine months ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
	\$	\$	\$	\$
Expenses				
Consulting fees	176,252	4,500	399,172	13,500
Depreciation	1,921	2,713	5,761	8,140
Investor relations	6,299	8,037	33,266	19,445
Office and administration	53,017	9,645	133,684	28,136
Professional fees	16,954	6,395	40,137	13,315
Property investigation costs	-	-	11,200	-
Share-based compensation	521,700	-	856,413	-
Travel and related	11,712	-	26,243	2,325
	(787,855)	(31,290)	(1,505,876)	(84,861)

As an exploration company, the Company has yet to generate any revenue from its planned operations and has, to date, incurred annual net losses from operating and administrative expenses.

The table below details the changes in major expenditures for the three months ended May 31, 2017 as compared to the corresponding period ended May 31, 2016.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting fees	Increase of \$171,752	Increased due to significant increase in corporate activity.
Office and administration	Increase of \$43,372	Increased due to increase in corporate activity.
Share-based compensation	Increase of \$521,700	Increased as there were no stock options granted in the comparative period.

The table below details the changes in major expenditures for the nine months ended May 31, 2017 as compared to the corresponding period ended May 31, 2016.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting fees	Increase of \$385,672	Increased due to significant increase in corporate activity.
Office and administration	Increase of \$105,548	Increased due to increase in corporate activity and increase in monthly rent.
Share-based compensation	Increase of \$856,413	Increased as there were no stock options granted in the comparative period.
Professional fees	Increase of \$26,822	Increased due to significant increase in corporate activity.
Travel and related	Increase of \$23,918	Increased due to significant increase in corporate activity.

Quarterly Information

	Three Months Ended			
	May 31, 2017	Feb 28, 2017	Nov 30, 2016	Aug 31, 2016
	\$	\$	\$	\$
Revenue	-	-	-	-
Income (loss) and comprehensive income (loss)	(787,855)	(282,278)	(452,083)	(159,099)
Basic and diluted earnings (loss) per share	(0.01)	(0.00)	(0.01)	(0.00)

	Three Months Ended			
	May 31, 2016	Feb 29, 2016	Nov 30, 2015	Aug 31, 2015
	\$	\$	\$	\$
Revenue	-	-	-	-
Income (loss) and comprehensive income (loss)	(32,239)	(73,125)	178,625	(394,660)
Basic and diluted earnings (loss) per share	(0.00)	(0.00)	0.00	(0.02)

Variances quarter over quarters can be explained as follows:

- During the quarter ended May 31, 2017, the Company recorded share-based compensation of \$521,700.
- During the quarter ended February 28, 2017, the Company recorded share-based compensation of \$29,680.
- During the quarter ended November 30, 2016, the Company recorded share-based compensation of \$305,033.
- During the quarter ended November 30, 2015, the Company recognized a recovery relating to exploration and evaluation properties of \$233,405.
- During the quarter ended August 31, 2015, the Company recognized a loss on disposal of property and equipment of \$427,967.

Liquidity and Capital Resources

The Company is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances its exploration activities by raising capital from equity markets from time to time.

The Company's liquidity and capital resources at the following dates are as follows:

	May 31, 2017	August 31, 2016
	\$	\$
Cash	631,041	171,821
Amounts receivable	10,837	512,869
Prepaid expenses	31,140	5,853
Total current assets	673,018	690,543
Accounts payables and accrued liabilities	208,101	414,360
Working capital	464,917	276,183

The Company has financed its operations to date through the issuance of common shares. The Company seeks to raise capital through various means including the issuance of equity and/or debt.

As at May 31, 2017, the Company had a working capital position of \$464,917 (August 31, 2016 – \$276,183) and a cash position of \$631,041 (August 31, 2016 - \$171,821). During the nine months ended May 31, 2017, the Company improved its working capital position by \$188,734 with the completion of a private placement financing through the issuance of 18,500,000 units at a price of \$0.12 per unit for gross proceeds of \$2,220,000. In the comparative period ended May 31, 2016, the Company improved its working capital by \$81,401 which was mostly the result of the Company receiving \$90,000 as partial payment pursuant to the settlement agreement between the Company and TSMC.

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 exploration and evaluation assets. 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.

Related Party Transactions

During the nine months ended May 31, 2017, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- i. Incurred exploration and evaluation asset expenditures of \$251,083 (May 31, 2016 - \$44,500) and property investigation costs of \$11,200 (May 31, 2016 - \$Nil) to Sunrise Drilling Ltd., a company controlled by Andrew Bowering and Graham Harris, directors of the Company. Included in accounts payable and accrued liabilities at May 31, 2017 is \$Nil (August 31, 2016 - \$282,400) owing to this company.
- ii. Incurred exploration and evaluation asset expenditures of \$60,000 (May 31, 2016 - \$nil) and consulting fees of \$37,000 (May 31, 2016 - \$nil) to Divitiae Resource Ltd., a company controlled by Adrian Smith, a director and President of the Company. Included in accounts payable and accrued liabilities at May 31, 2017 is \$12,210 (August 31, 2016 - \$20,214) owing to this company.

- iii. Paid or incurred consulting fees of \$25,500 (May 31, 2016 - \$13,500) to Brian Morrison, a director of the Company.
- iv. Incurred rent expense of \$45,000 (May 31, 2016 - \$27,000) to Millennial Lithium Corp., a company related by way of common directors.

Summary of key management personnel compensation:

	For the nine months ended	
	May 31, 2017	May 31, 2016
	\$	\$
Consulting fees	62,500	13,500
Share-based compensation	518,776	-
	581,276	13,500

The following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the nine months ended	
	May 31, 2017	May 31, 2016
	\$	\$
Exploration and evaluation property expenditures	311,083	44,500
Property investigation costs	11,200	-
Rent	45,000	27,000
	367,283	71,500

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Commitments, Contingencies and Litigation

Management Contracts

In June and July 2013, the Company signed five separate consulting agreements with certain officers and directors of the Company to provide management consulting and exploration services to the Company for a period of 5 years. The agreements require total combined payments of \$60,000 per month. Included in each agreement is a provision for a two year payout in the event of termination without cause and a two year payout in the event of a change in control. Beginning in January 2014, the Company, and the officers and directors of the Company agreed to temporarily suspend the monthly payments for an indefinite period.

During the year ended August 31, 2016, the Company incurred a one-time payment of \$50,000 to a former director of the Company (who resigned in June 2016).

During the nine months ended May 31, 2017, all consulting agreements were terminated by mutual agreement of all parties involved.

Litigation

The Company is not currently involved in any legal disputes.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the audited financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expect timing of reversals of existing temporary differences and the likelihood that tax positions 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.

Changes in Accounting Policies

The Company will monitor the development of the relevant IFRS standards and change its accounting policies accordingly. During the nine months ended May 31, 2017, the Company has adopted the following accounting standards effective March 1, 2017 which had no significant impact on the consolidated financial statements:

- Amendments to IA7, Statement of Cash Flows

Future 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 nine months ended May 31, 2017. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's Financial Statements for the year ending August 31, 2018 or later:

- IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses. The standard is effective for annual periods beginning on or after January 1, 2017.

- **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:** Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.
- **IFRS 15 – Revenue from Contracts with Customers:** establishes principles that an entity shall report more useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. More specifically to production (and sales) based royalties, variable consideration is estimated and included in the transaction price to the extent it is highly probable that there will be no significant reversal in the amount of cumulative revenue recognized when the uncertainty is resolved. This new approach to variable revenue could accelerate the recognition of revenue which depends on future production (or sales) levels. The standard was issued in May 2014 and is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact this standard will have on the Company's condensed interim consolidated financial statements.
- **IFRS 16 – Leases:** Specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

Financial Instruments and Financial 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 Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including but not limited to the following:

- a) *Currency risk* – The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at May 31, 2017, the Company does not have significant net assets or liabilities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.
- b) *Credit risk* - Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and amounts receivable is due from the Government of Canada. The Company's financial instrument related to the sales tax receivable is not exposed to significant credit risk.
- c) *Interest rate risk* - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash.
- d) *Liquidity risk* - Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.
- e) *Commodity price risk* - The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of iron and gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

While the Company's financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast doubt about the validity of that assumption.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore. Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operations costs are greater than projected. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

No Revenues

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Iron Ore and Gold Prices

The profitability of the Company's operations will be dependent upon the market price of mineral iron ore and gold. Iron ore and gold prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of iron ore and gold along with the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of iron ore and gold has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Environmental

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase costs of projected.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Outstanding Share Data

As of the date of this MD&A, the Company has:

a) 70,733,666 common shares outstanding;

b) 10,558,333 warrants outstanding with two tranches as shown below:

Exercise Price	Number Outstanding	Expiry Date
\$		
0.09	1,858,333	August 31, 2018
0.20	8,700,000	November 28, 2018
	<u>10,558,333</u>	

c) 5,025,000 stock options outstanding and exercisable with six tranches as shown below.

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.08	20,000	February 6, 2018
0.08	175,000	June 5, 2018
0.05	205,000	October 20, 2019
0.10	2,125,000	September 2, 2021
0.22	2,000,000	March 14, 2022
0.22	500,000	March 20, 2022
	<u>5,025,000</u>	

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 condensed interim consolidated financial statements for the three and nine months ended May 31, 2017; and
- the Company's audited financial statements for the year ended August 31, 2016

This MD&A has been approved by the Board effective July 31, 2017.

Cautionary Statement on Forward Looking Information

Certain statements in this document contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of iron ore and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.