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**Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Dated: April 26, 2018**

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# Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2017

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## A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the consolidated operating results and financial condition of Valterra Resource Corporation (the "Company") is for the year ended December 31, 2017, and is dated April 26, 2018. This MD&A was prepared to conform to National Instrument 52-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's functional and presentation currency is the Canadian dollar and all amounts included herein are in Canadian dollars, unless otherwise indicated.

The Company's shares are listed on the TSX Venture Exchange ("VQA.V"), the Frankfurt Stock Exchange ("3VA.F") and the OTCQB Marketplace ("VRSCF").

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at [valterraresource.com](http://valterraresource.com) and on SEDAR at [sedar.com](http://sedar.com).

## B. Qualified Persons

Robert Macdonald, MSc. P. Geo., is the qualified person as defined by National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development program at Swift Katie. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

Joseph A. Kizis, Jr., AIPG Certified Professional Geologist No. CPG-11513, is the qualified person as defined by National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development program at Weepah. Mr. Kizis graduated from University of Colorado with a M.S. in Geology and from Kent State University with a B.S. in Geology, and has many years of experience in minerals exploration both with major mining and junior exploration companies.

## C. Conversion Tables

Precious metal units and conversion factors					
ppb	- Part per billion	1 ppb	=	0.0010 ppm	= 0.000030 oz/t
ppm	- Part per million	100 ppb	=	0.1000 ppm	= 0.002920 oz/t
oz	- Ounce (troy)	10,000 ppb	=	10.0000 ppm	= 0.291670 oz/t
oz/t	- Ounce per ton (avdp.)	1 ppm	=	1.0000 ug/g	= 1.000000 g/tonne
g	- Gram				
g/t	- Gram per metric ton	1 oz/t	=	34.2857 ppm	
mg	- Milligram	1 Carat	=	41.6660 mg/g	
kg	- Kilogram	1 ton (avdp.)	=	907.1848 kg	
ug	- Microgram	1 oz (troy)	=	31.1035 g	

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### D. Summary of Mineral Properties

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements.

#### Swift Katie

The property consists of 19 contiguous MTO mineral claims, covering over 83 square kilometres and is located near Salmo, British Columbia. The area has hosted several important mining districts and is underlain by rocks considered very favourable for the discovery of gold-quartz veins and porphyry-style mineralization.

During July 2017, the Company completed eight NQ2-sized diamond drill holes totaling 1,392 metres at the Swift Zone which successfully identified two shallow mineralized gold zones along the target NE-SW oriented structure.

Highlights from the 2017 drill program include:

- **30.9g/t Au and 17.8g/t Ag over 0.8m within a broader 2.5m zone averaging 11.5g/t Au and 6.7 g/t Ag from hole SK17-015;**
- **an additional 22.6m interval averaging 1.1g/t Au and 0.5g/t Ag from hole SK17-015; and**
- **9.7g/t Au and 7.6g/t Ag over 1.4m within a broader 8.6m interval averaging 3.1g/t Au and 2.0g/t Ag from hole SK17-019.**

Previous drill highlights at Swift include:

- **0.96 g/t Au over 6.6m in hole SK16-011**
- **13.3 g/t Au, 201 g/t Ag & 0.33% Cu over 3.5m from hole SK14-002**
- **1.83 g/t Au over 10m from hole 87-6, including 5.15g/t Au over 2.0m\***

*\* Historical assay results have not been verified and should not be relied upon as such.*

Higher grade gold values were returned from quartz veins and silicified intervals within a strongly foliated and quartz-carbonate-altered volcanic rock which can form zones several 10's of metres thick in any given drill hole. Alteration appears largely structurally controlled and forms an anastomosing network of northeast-striking shear zones that dip moderately to the southeast.

Gold mineralization has been intersected in relatively shallow drilling (<200 metre depth) with the thickness of some intercepts, particularly in hole SK17-015 comparable to mineralized intervals at Prize Mining's Kena Gold Project, located 30 kilometres to the northeast, which is currently modelled as a bulk-tonnage porphyry gold target.

Recent drilling tested three areas along an approximate 1,000 metre strike length of the target structure which had been previously traced by a combination of surface rock and soil sampling, historical trenching and shallow drilling from the 1980's, and most recently by the Company in 2016. Only part of the full strike-length of the structural target has been drill tested; several additional target areas have been prioritized for testing in future programs.

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### **D. Summary of Mineral Properties, continued**

#### **Swift Katie, continued**

The 2017 drill program successfully confirmed high-grade gold mineralization in two locations along the tested strike-length of the target structure and returned a significant cumulative thickness of +1g/t Au mineralization in hole SK17-015. Both gold-enriched areas are open along strike and down dip and require additional drill testing.

Exploration results to date support the Company's belief that a widespread gold-enriched, vein system exists at the Swift target and a large alkali porphyry system exists at the Katie target. Further work will be designed to continue to expand the known mineral systems and to evaluate several other targets that remain to be tested on the property.

#### **Weepah**

The property consists of 76 lode mining claims and one patented claim, totaling approximately 590 hectares, and is accessible from Highway 95 approximately 32 kilometres southwest of the town of Tonopah, Nevada. The property lies within the prolific Walker Lane Gold belt in western Nevada and is surrounded by active advanced exploration and development gold projects with growing mineral resources and reserves.

Historical production occurred from shallow underground mines and a small open pit during two separate time intervals. From 1935 to 1939, Weepah Nevada Mining Co. produced gold from 305,000 metric tonnes grading 5.8g/t. From 1986 to 1987, Sunshine Mining Co. produced at various grades approximately 60,000 oz. of additional gold with accessory silver. Historic production figures are from several published and unpublished company reports; however, a qualified person has not done sufficient work to verify these grades and tonnages, and the Company cautions that these historic production figures should not be relied upon.

Gold mineralization occurs within two broad shear zones. The western shear zone was exploited by the small open pit and adjacent underground workings. The eastern shear zone was exploited by historic workings and was extended by recent drilling. The zones have been traced for several hundred meters along strike and variably down dip. Portions of the shear zones are exposed at surface or in workings and portions have been traced by widely spaced drill holes beneath shallow gravel cover, which is generally less than 10 metres to 30 metres thick. Vein textures and geochemistry suggest the mineralization is similar to many other mesothermal vein deposits along the western margin of North America.

Work conducted by the Company to date includes data compilation, 3D modeling, and identification of drill targets. Confirmation sampling in the open pit yielded results similar to those reported by others and highlights include:

- South Pit face - Chip-channel samples of up to 3m of 9.01 g/t Au and 7m of 5.67 g/t Au in two adjacent samples,
- North Pit face - Chip-channel samples of up to 8m of 3.50 g/t Au and 1.2m of 2.81 g/t Au in two adjacent samples, and
- Center of Pit – A float sample returned 16.2g/t Au and 10.6g/t Ag.

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### D. Summary of Mineral Properties, continued

#### Weepah, continued

Historic data provided with the property includes various geophysical surveys, geological mapping, bedrock sampling, interpretation of satellite imagery, and 4,300 metres in twenty-four reverse circulation drill holes. Based on historic drilling, CSAMT & magnetics, the two approximately 50-metre-wide mineralized structural zones have a combined strike potential of approximately 2,000 metres. Other advantages of the property include excellent infrastructure, low topography, and minimal cultural and environmental concerns.

The Company is planning an initial 2,250 metre drill program consisting of five fences along the two identified shear zones, with each fence consisting of three drill holes each for a total of fifteen holes. A permit has been obtained for 19 drill sites, subject to posting of a bond. Additional sampling is planned to identify other potential shear zones and zoning patterns that have been indicated by multi-element geochemistry from very limited surface sampling.

#### Acquisition Costs

Mineral property acquisition costs as at December 31, 2017, were:

	Swift Katie	Weepah	Total
	\$	\$	\$
Balance as at December 31, 2015	-	-	-
Additions	194,197	-	194,197
Balance as at December 31, 2016	194,197	-	194,197
Additions	700	109,286	109,986
<b>Balance as at December 31, 2017</b>	<b>194,897</b>	<b>109,286</b>	<b>304,183</b>

#### Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the years ended December 31, 2017 and 2016, were:

	Swift Katie		Weepah		Total	
	\$	\$	\$	\$	\$	\$
	2017	2016	2017	2016	2017	2016
Assays and analysis	51,715	29,169	508	-	52,223	29,169
Drilling	111,908	156,028	-	-	111,908	156,028
Equipment rental and field supplies	11,104	17,798	-	-	11,104	17,798
Geological services	26,081	21,508	22,299	-	48,380	21,508
Project supervision	76,453	105,895	2,415	-	78,868	105,895
Travel	8,950	16,823	-	-	8,950	16,823
	<b>286,211</b>	<b>347,221</b>	<b>25,222</b>	<b>-</b>	<b>311,433</b>	<b>347,221</b>
General					<b>3,688</b>	<b>1,262</b>
					<b>315,121</b>	<b>348,483</b>

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### E. Results of Operations

The Company incurred a net loss and comprehensive loss of \$835,406 for the year ended December 31, 2017 (2016 - \$622,497).

A summary of variances is as follows:

	2017	2016	Change
	\$	\$	\$
Administration	60,000	25,000	35,000
Consulting	21,134	28,024	(6,890)
Exploration and evaluation	315,121	348,483	(33,362)
Investor relations	96,167	92,613	3,554
Office and general	22,907	25,077	(2,170)
Professional fees	91,235	90,776	459
Regulatory fees and taxes	23,404	41,573	(18,169)
Share-based payments	201,803	-	201,803
Shareholders communications	1,338	2,745	(1,407)
Transfer agent	3,189	8,128	(4,939)
Foreign exchange gain	(164)	-	(164)
Gain on settlement of debt	-	(5,200)	5,200
Reversal of flow-through premium	(728)	(34,722)	33,994

Differences in administration, consulting, investor relations, office and general and professional fees arose partly as a result of reinstatement of charges for such service fees (*I - Related Party Transactions*).

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company completed two drill programs at Swift Katie and initial assessment work at Weepah (*D - Summary of Mineral Properties*).

Non-cash share-based payments expense was recognized with respect to fully vested stock options that were granted to directors, officers and consultants.

A flow-through share premium that related to a private placement of flow-through shares was reversed upon completion of the qualifying expenditure.

During the prior period, additional professional and regulatory fees were incurred with respect to obtaining a listing on the OTCQB Marketplace, additional investor relations costs were incurred due to the engagement of external investor relations consultants and increased activity associated with on-going financing and promotional initiatives, a non-cash charge was recognized with respect to the fair value of 350,000 units issued pursuant to a previous bank indebtedness guarantee extension agreement and a gain on settlement of debt was recognized with respect to negotiations undertaken with certain vendors.

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### F. Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for the last eight quarters:

	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
	2017	2017	2017	2017	2016	2016	2016	2016
	\$		\$	\$	\$	\$	\$	\$
Net loss	74,340	303,793	121,507	335,766	420,038	163,957	26,526	11,976
Basic and diluted loss per share	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.00	\$0.00

Due to the nature of its current operations, the Company earned no revenue during the periods presented. Quarterly fluctuations mainly relate to mineral property exploration expenditures and impairments which occur as projects are identified and results are analyzed or other indicators arise. Certain costs increased in the three months ended September 30, 2016 and onward as a result of reinstatement of charges (*I - Related Party Transactions*). A significant share-based payments expense was recognized in the three months ended March 31, 2017 with respect to a grant of fully vested stock options.

### G. Fourth Quarter

During the three months ended December 31, 2017, the Company completed its commitment to incur qualifying Canadian Exploration Expenditures of \$281,511 with respect to a private placement of flow-through shares completed during December 2016. No other unusual events affected the Company's financial performance or cash flows during the fourth quarter.

### H. Summary of Annual Information

The following represents certain financial data for the previous three fiscal years:

	2017	2016	2015
	\$	\$	\$
Net loss	(835,406)	(622,497)	(429,013)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)
Current assets	17,261	557,097	10,174
Other non-current assets	12,000	12,000	-
Mineral properties	304,183	194,197	-
Total assets	333,444	763,294	10,174
Total non-current financial liabilities	-	-	-
Cash dividends per common share	-	-	-

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### H. Summary of Annual Information, continued

The Company earned no revenue during the periods presented due to the nature of the industry and its current operations.

The Company's operating costs fluctuate as financing or other ad-hoc projects are undertaken. Certain costs increased in the year ended December 31, 2016 as a result of reinstatement of charges (*I - Related Party Transactions*). The Company continues to invest in its mineral properties as finance and assessments have permitted. Impairment charges are recognized as relevant indicators arise.

To date, the Company has not paid dividends and does not have any long-term financial liabilities.

### I. Related Party Transactions

The Company entered into the following related party transactions during the year ended December 31, 2017:

(a) Fees were charged by a company controlled by a director and officer of the Company as follows:

- \$60,000 (2016 - \$25,000) for office space and administration services;
- \$9,134 (2016 - \$14,024) for consulting services;
- \$32,500 (2016 - \$13,000) for professional services;
- \$42,728 (2016 - \$8,835) for investor relations services;
- \$47,380 (2016 - \$49,270) for geological consulting services; and
- \$5,569 (2016 - \$999) for mark-up on out of pocket expenses.

Accounts payable as at December 31, 2017 were \$113,374 (2016 - \$21,939).

(b) Fees in the amount of \$42,706 (2016 - \$75,580) were charged by or accrued to law firms controlled by a director and officer of the Company and included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at December 31, 2017 were \$33,550 (2016 - \$16,862).

(c) Fees in the amount of \$12,000 (2016 - \$12,000) were charged by an officer of the Company for consulting services. Amounts payable as at December 31, 2017 were \$7,350 (2016 - \$1,000).

(d) Fees in the amount of \$31,750 (2016 - \$56,625) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at December 31, 2017 were \$1,050 (2016 - \$16,160).

(e) Fees in the amount of US\$3,300 (2016 - US\$nil) were charged by a director of the Company (appointed on May 29, 2017) for geological consulting services. Amounts payable as at December 31, 2017 were \$4,149 (US\$3,300) (2016 - \$nil).

(f) Loans totalling \$5,000 (December 31, 2016 - \$nil) are payable to a company controlled by a director and officer of the Company with respect to funds advanced.

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### I. Related Party Transactions, continued

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, including amounts in (c) and (e) above, was as follows:

	2017	2016
Short-term benefits	\$ 16,294	\$ 12,000
Share-based payments	115,316	-
Total	\$ 131,610	\$ 12,000

### J. Financial Condition, Liquidity and Capital Resources

As at December 31, 2017, the Company had a working capital deficit of \$625,395 (2016 - working capital of \$40,234). Wherever possible, the Company has been negotiating its trade payables and reviewing its future commitments to identify opportunities to reduce or delay spending and payments. However, the Company does not generate any revenue from operations and does not have sufficient capital to meet the requirements for its administrative overhead and maintaining its mineral interests.

For the foreseeable future, the Company will need to rely on raising capital in the equity markets and/or enter into joint venture agreements with third parties to provide working capital and to finance its mineral property activities. Although the Company has been successful in obtaining financing through the issuance of its securities, there can be no assurance that the Company will be able to obtain adequate future financing. Failure to do so could result in delay or indefinite postponement of further exploration and reduction or termination of operations.

A Notice of Claim filed in Small Claims Court regarding disputed amounts owed to a certain vendor remains outstanding in an amount of \$25,000 plus interest and costs.

During March and April 2018, the Company closed two tranches of a non-brokered private placement and issued 11,203,667 units at a price of \$0.03 per unit for gross proceeds of \$336,110. The Company also issued 169,190 finders' share purchase warrants exercisable to purchase one common share at an exercise price of \$0.05 for a period of three years. Net proceeds are being used to fund costs associated with property maintenance, corporate overhead and for working capital.

### K. Outstanding Equity and Convertible Securities

#### i) Issued and outstanding

As at April 26, 2018, the Company had 76,192,487 common shares issued and outstanding.

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**K. Outstanding Equity and Convertible Securities, continued**

**ii) Stock Options**

As at April 26, 2018, stock options outstanding and exercisable were as follows:

Exercise Price	Expiry Date	Balance December 31, 2017	Cancelled / Expired	Balance April 26, 2018
\$0.17	March 1, 2018	100,000	100,000	-
\$0.05	March 27, 2022	4,200,000	-	4,200,000
		<b>4,300,000</b>	<b>100,000</b>	<b>4,200,000</b>
Weighted average exercise price		\$0.05	\$0.17	\$0.05
Weighted average contractual life remaining (years)		4.14		3.92

**iii) Share Purchase Warrants**

As at April 26, 2018, share purchase warrants outstanding were as follows:

Exercise Price	Expiry Date	Balance December 31, 2017	Issued	Balance April 26, 2018
\$0.05	February 20, 2019	3,105,000	-	3,105,000
\$0.05	June 10, 2019	1,000,000	-	1,000,000
\$0.10	October 5, 2021	16,584,000	-	16,584,000
\$0.10	October 5, 2021	3,545,000	-	3,545,000
\$0.10	October 5, 2021	120,000	-	120,000
\$0.10	December 29, 2021	2,815,107	-	2,815,107
\$0.10	December 29, 2021	105,600	-	105,600
\$0.05	March 28, 2021	-	7,753,667	7,753,667
\$0.05	March 28, 2021	-	29,190	29,190
\$0.05	April 23, 2021	-	3,450,000	3,450,000
\$0.05	April 23, 2021	-	140,000	140,000
		<b>27,274,707</b>	<b>11,372,857</b>	<b>38,647,564</b>
Weighted average exercise price		\$0.09	\$0.05	\$0.08
Weighted average contractual life remaining (years)		3.41		3.05

**L. Financial Instruments**

The Company's financial instruments include cash, reclamation bond, accounts payable and accrued liabilities and amounts due to related parties. The Company has classified its financial instruments into the following categories:

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### L. Financial Instruments, continued

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Reclamation Bond	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Due to Related Parties	Other Financial Liabilities	Amortized Cost

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. The reclamation bond is non-interest-bearing, has no maturity date and carrying value approximates fair value.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require significant cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, all investments must be less than one year in duration.

### M. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document.

The Company is confident that its properties have potential warranting continued exploration and activities over the ensuing year will focus on this. The Company also expects to continue its strategy of acquiring properties and collaborating with experienced mining companies to develop such properties to advance them to production.

### N. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate entering into any such arrangements in the foreseeable future.

### O. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors who meet at least quarterly with management and at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters. There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Audit Committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

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### **P. Risks and Uncertainties**

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered:

#### *Exploration Stage Company*

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

#### *Competition*

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources.

Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

#### *Operating History and Availability of Financial Resources*

The Company has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Hence, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Operations will continue to be financed primarily through the issuance of securities and such reliance on the issuance of securities for future financing may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favourable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

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### **P. Risks and Uncertainties, continued**

#### *Price Volatility and Lack of Active Market*

For some time, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

#### *Title to Property*

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned.

The Company's mineral property interests may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

#### *Licenses and Permits*

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits.

However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

#### *Dependence on Key Personnel*

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does not currently maintain "key-man" insurance in respect of any of its management.

#### *Government Regulations and Environmental Risks and Hazards*

The Company conducts exploration activities in the United States and Canada, and is subject to various federal, provincial, state laws, rules and regulations.

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### **P. Risks and Uncertainties, continued**

The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation.

Environmental hazards may exist on the Company's properties, that are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any existing environmental hazards related to any of its current or former property interests that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

### **Q. Changes in Accounting Policies Including Initial Adoption**

#### *Future Accounting Standards Changes*

IFRS 9: *Financial Instruments* will eventually form a complete replacement for IAS 39: *Financial Instruments: Recognition and Measurement*.

All financial assets are classified as measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified at fair value through profit and loss, financial guarantees and certain other exceptions.

The mandatory effective date of IFRS 9 is for annual periods beginning on January 1, 2018. The Company is currently assessing the impact of IFRS 9.

### **R. Proposed Transactions**

Other than normal course review of monthly submittals there are no other proposed transactions contemplated as at the date of this report.

### **S. Forward-Looking Statements**

Some of the statements contained in this MD&A may be deemed "forward-looking statements." These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence.

Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

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### **S. Forward-Looking Statements, continued**

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.