EROS
RESOURCES CORP

Management Discussion and Analysis

Year ended December 31, 2017 and 2016

INTRODUCTION

This MD&A has been prepared by management as at April 27, 2018 and was reviewed and approved by the Board of Directors on that date. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited consolidated financial statements of Eros Resources Corp. ("Eros", or the "Company") and the related notes thereto for the years ended December 31, 2017 and 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"). The information provided herein supplements but does not form part of the financial statements. This discussion covers the year ended December 31, 2017 and the subsequent period up to the date of issue of this MD&A. All monetary amounts are in Canadian dollars unless otherwise specified.

Additional information including annual audited consolidated financial statements and more detail on specific mineral properties discussed in this MD&A can be found on the Company's website www.erosresources.com and on the Company's page at www.sedar.com.

This MD&A contains Forward-Looking Information.
Please read the Cautionary Statements on page 3 carefully.

FORWARD-LOOKING STATEMENTS AND INFORMATION

Certain information included in this MD&A contains forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws, including, without limitation, in respect of the Company's priorities, plans and strategies and the Company's anticipated financial and operating performance and prospects. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected. This information speaks only as of the date of this MD&A. In particular, this MD&A contains forward-looking information pertaining to the following:

- *potential receipt of regulatory approvals, permits and licenses and treatment under governmental regulatory regimes;*
- *the estimates of the Company's mineral resources or oil and gas reserves;*
- *expectations of market prices and costs; and*
- *exploration, development and expansion plans and objectives.*

We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; changes in law; the ability to implement business plans and strategies, and to pursue business opportunities; potential legal and regulatory claims, proceedings and investigations; disruptions or changes in the credit or securities markets; inflationary pressures; and various other events, conditions or circumstances that could disrupt Eros' priorities, plans, strategies and prospects.

Shareholders are cautioned that all forward-looking statements and information involve risks and uncertainties, including those risks and uncertainties set out above and as detailed in Eros's continuous disclosure and other filings with applicable Canadian securities regulatory authorities, copies of which are available on SEDAR at www.sedar.com. The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements and information that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated event, except as otherwise required by applicable legislations.

THE COMPANY

The Company's principal business activities include the acquisition, exploration and development of mineral and oil and gas resource properties in North America. The Company's corporate office is located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia. Eros is a Tier 1 company on the TSXV Exchange.

Eros has as its prime business objective the identification, acquisition and exploration of advanced projects with a North American focus. A secondary focus of the Company is to make strategic investments with a global focus and a diverse commodity base. The Board and management's expertise in the resource sector supports the selection of these strategic investments.

BELL MOUNTAIN and EASTGATE PROPERTIES, NV

Eros holds 100% title to the Bell Mountain gold-silver property located in the Fairview mining district, southeast of Reno, Nevada, approximately 54 miles (86 kilometres) from Fallon, Nevada.

In August 2016, the Department of the Navy of the United States Department of Defense issued a notice of its intent to prepare an environmental impact statement ("EIS") regarding a proposed expansion of the Fallon Range Training Complex, and the resulting "withdrawal of public lands." As part of the process, the Company has been advised to cease work on the impacted land. The Company's Bell Mountain Project consists of unpatented mining claims which are located on federal lands within the proposed EIS area. The Company is presently evaluating the notice and is conferring with various parties regarding the purpose of the notice and the potential effect on current users of the public lands.

Surface activity on the Bell Mountain site has been prohibited by the Navy during the EIS period. In order to limit potential lost time during the US Navy's activity, and to assist Eros in establishing the value of the asset, the Board approved the completion of a PEA for the project, which is described in detail section titled "Significant events during the year ended December 31".

The Eastgate gold-silver property is situated in the Walker Lane, approximately 14.5 air miles (23.5 km) east-northeast from the Company's Bell Mountain property. The nearest town is Fallon, Nevada, about 63 road miles (101 km) to the west.

Pursuant to an agreement with Kermode Resources Ltd. ("Kermode"), Eros purchased a 45% interest in the Eastgate property for a total of US$650,000. Kermode (15% owner) and Eros now have the right to jointly and equally participate in the remaining purchases of a 15% and a 25% property interest. Either party may elect not to complete its share of the purchases, in which case, the other party may complete the purchase on its own account. The parties also have the right at any time to call for a joint venture arrangement with Blue Mountain, the underlying vendor. To this end, discussions regarding a possible Joint Venture agreement have been initiated.

Analysis indicates that, while the Eastgate property is not captured by the planned expansion of the Navy training complex, it is anticipated that the potential loss of synergies with Bell Mountain will make the development of the Eastgate property alone more challenging.

BRITISH COLUMBIA PROJECTS

KET and REN claims

The Company held a 100% interest in the Ket and Ren claims in southern British Columbia. Originally acquired for their uranium potential, exploration on these claims ceased immediately following the B.C. Government's announcement in April 2008 and the March 2009 Order in Council, effectively banning uranium and thorium exploration and development. The Company was successful in obtaining compensation from the B.C. Government for the loss of its right to develop these properties, and in 2016 recorded a recovery of $159,975 from the B.C. Government in relation to this matter.

Golden Triangle

In 2016, the Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC. The purchase of these rights included a minor share position in SnipGold Corp. These SnipGold Corp. shares were sold for more than the cost of the total acquisition.

SASKATCHEWAN PROJECTS

Athabasca Basin Projects

Anthem holds an interest in two Joint Venture agreements with Denison Mines Corp. In addition, the Company holds NSR royalty interests in several properties in Saskatchewan.

The properties were selected to target an unconformity-type or basement-hosted uranium deposit at or near the contact between the Athabasca sandstones and underlying basement rocks, similar to the nearby world-class Key Lake, Cigar Lake and McArthur River deposits. Due to dilution of the Company's interests coupled with continued challenges in the uranium exploration markets, the Company wrote down the value of its Saskatchewan exploration properties in 2016.

DENISON JOINT VENTURE

Hatchet Lake and Murphy Lake - At the end of 2016, Eros held 29.89% and 21.04% interests in the joint ventures respectively, located in the shallow, eastern portion of the Athabasca basin of Saskatchewan. The target is unconformity-type uranium deposits similar to the nearby McLean Lake mine. Denison Mines Corp. ("Denison") is the operator of the joint ventures. Eros believes that the uranium market will remain depressed for the foreseeable future and therefore has elected not to contribute to either program for 2016 or 2017 resulting in dilution of the Company's interests. As a result, Denison is currently funding all exploration at the sites.

The **Hatchet Lake** property is located just 17 km north of the McClean Lake uranium mill owned by AREVA-Denison-OURD. Access is by winter road or aircraft.

The **Murphy Lake** property is located approximately 20 km north of the McClean Lake uranium mill. Highway 905 crosses the property but access to most of the targets is by winter road or aircraft.

Denison advised the Company that it plans on conducting an eight-hole, 3,200 metre drill program on the Murphy Lake project during the winter of 2017. The program is expected to test high-priority geophysical and geological targets along strike of a previously announced mineralized zone that included highlight intercepts of 0.25% U_3O_8 over 6.0 metres (drill hole MP-15-03), 0.13% U_3O_8 over 14.5 metres (drill hole MP-16-11) and 0.19% U_3O_8 over 2.9 metres (hole MP-15-03). Eros declined the opportunity to participate in the proposed program.

QUEBEC

Otish Mountains property

In exchange for the Otish Mountains property, the Company held a promissory note for $3,900,000 secured by the shares of Otish Minerals Ltd. ("Otish"), which owns the claims in the Otish Mountains. With the moratorium on uranium development in Quebec, the purchaser of the Otish property wrote its investment down to zero. As a result, the Company wrote down the promissory note and interest owed by Otish to zero.

On January 8, 2015, the Company executed a settlement agreement with Virginia Energy Resources Inc., whereby Virginia Energy transferred full ownership of subsidiary Otish Minerals Ltd. to the Company in return for full and final satisfaction of its indebtedness to the Company of $3.9-million. Otish Minerals' primary asset is the Otish uranium property in central Quebec, which was explored by the Company between 2007 and 2012. It also holds the Chateau Fort gold property described below.

In March, 2013, the government of Quebec announced it would conduct an impact study on the exploration and development of uranium in the province. The Bureau d'Audiences Publiques sur l'Environnement (BAPE) was given a mandate to complete this study and submitted their report to the Minister of Sustainable Development, Environment and the Fight Against Climate Change. In September 2015, the Minister then convened an interdepartmental committee to review the BAPE study. In the meantime, the government has said that no certificate of authorization will be issued for the exploration or development of uranium in Quebec until the study is well understood. As a result, Strateco Resources Inc., a uranium development company in Quebec, has sued the Government of Quebec for $192M for the loss of its investment in the Matoush uranium project. Strateco Resources is currently appealing a decision on the case rendered in June 2017. The Company continues to evaluate the changing circumstances in order to identify opportunities to obtain a return on its investment in the region.

Chateau Fort gold property

The Company completed substantial staking in late 2014 to nearly double the size of the Chateau Fort gold property held by its reacquired subsidiary Otish Minerals Ltd. The additional staking brought the property to 18,867 hectares in size and follows the discovery, by Visible Gold Mines Inc., of high-grade gold-copper-silver boulders at kilometre-147 and kilometre-150 along the newly constructed Route 167 Extension, a four-season road. The Chateau Fort gold property adjoins Visible Gold's property, as well as the past-producing, high-grade Eastmain gold mine of Eastmain Resources Inc. The claims were selected to cover prospective geology and geophysical trends from the Eastmain mine, as well as Au, Ag, Cu, Zn and As anomalies from proprietary, in-house surficial geochemical surveys (lake bottom, soil and stream sediments). Compilation work has identified at least eight high-priority targets for follow-up.

On March 23, 2015, the Company announced it has signed a binding letter of intent to option its Chateau Fort gold property to Tarku Resources Ltd. ("Tarku"). Under the terms of the agreement, Tarku can earn a 100% interest in the Property in return $100,000 in cash and 8 million Tarku shares in staged payments over four years and a work commitment, subject to certain underlying diamond rights and Net Smelter Return Royalties. To date, $15,000 cash has been paid and 2,000,000 shares of Tarku were issued to Eros under the agreement. In June 2016, the Company participated in a private placement from Tarku, purchasing 1,300,000 units at $0.05 per unit. Each unit includes one warrant, entitling the holder to purchase one common share of Tarku for $0.10 for 24 months from closing. In addition, during the 2016 year the Company received the repayment from Tarku of a promissory note in the amount of $54,934 plus interest.

EXPLORATION ON SKEENA RESOURCES PROPERTY

In April 2015, the Company entered into an arrangement with Skeena Resources Limited ("Skeena") to earn an interest in Skeena's Spectrum-GJ property by spending $1,500,000 on exploration. The arrangement contained exclusivity terms and a conversion option. The funds were to be used exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures ("CEE"). Upon completion of the earn-in the parties had 30 days to negotiate a joint venture agreement, whereby Skeena would continue to be the operator and the Company would contribute its proportionate share of funding to maintain its 8.7% interest in the property. Since the Company and Skeena did not negotiate a joint venture agreement, the 8.7% interest was converted to 25,000,000 common shares of Skeena in April 2016.

In addition, the Company subscribed for 18,750,000 units of Skeena at a price of $0.08 per unit, in a private placement which closed on July 22, 2016. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant is exercisable for a period of three years at $0.12 in the first year, $0.14 in the second year, and $0.16 in the third year.

The Company also subscribed for 1,428,571 shares of Skeena at a price of $0.70 per share, in a private placement which closed on March 29, 2018. Skeena is a related party.

OVERALL PERFORMANCE

In the quarter ended September 30, 2017, Eros announced the commencement of oil production from its Flaxcombe project. As a result, Eros is now a revenue-generating company. As at November 26, 2017 the combined 30-day average production rate of the three section-13 wells was approximately 120 barrels per day (110 barrels to Eros), however, more recently one of the wells has been experiencing intermittent to prolonged periods of not producing. Eros and Westcore continue to try to extract maximum output from these wells. In addition, Eros continued to expand its interest in the Flaxcombe project by acquiring a 33.33% interest in three sections, contiguous with project partner Westcore's holdings that include the producing wells.

Earlier in 2017, Eros capitalised on a number of strategic equity investments made in 2016, selling them to realize gains and add to cash on hand. These strategic equity investments resulted in significant gains for the Company's marketable securities portfolio, with realized gains of $2.3 million for the year ended December 30, 2017 (2016 - $234,000 of realized gains). In addition, the Company raised over $1 million through the issuance of shares and warrants in its June 2017 private placement.

Eros wrote down the value of its Saskatchewan exploration properties in 2016 due to dilution of the Company's interests coupled with continued challenges in the uranium exploration markets. In addition, the Company experienced a setback to its Bell Mountain Project as a result of the US Navy's announcement of their planned expansion of the Fallon Range Training Complex. The Navy's plan, the impact on Bell Mountain, and the further impact on the Eastgate property, is described in more detail under the Bell Mountain Project above. As a result, both Bell Mountain and Eastgate were written down. Finally, the resource report prepared for the Company on its three Flaxcombe oil and gas wells predicted a net present value that was substantially less than the capitalized value. As such, the oil and gas assets were partially written. The Navy's announcement left the Company with strategic equity investments that were performing well, but with substantial uncertainty regarding its exploration/development projects.

OUTLOOK

The Company, in reviewing its investments as well as its assessment of precious metal prospects, considers this to be a suitable time to identify and acquire advanced projects. It is Eros' intent to accelerate efforts to identify suitable projects for acquisition. Acquisition may be in the form of an equity interest in a company holding one or more projects, an earned interest in one or more projects, a business combination, or otherwise.

Meanwhile, Eros continues to search for suitable investment opportunities in mineral projects and prospects. Acquisition may be in the form of an equity interest in a company holding one or more projects, an earned interest in one or more projects, a business combination, or otherwise.

In addition, the Company will continue to monitor its existing investments, and seek to maximize their value, either through divesting, exploring, combining, bringing to production or otherwise as appropriate.

SIGNIFICANT EVENTS DURING THE YEAR ENDED DECEMBER 31, 2017:

On February 6, 2017, Eros announced that it has entered into an agreement to acquire a working interest in three vertical wells to be drilled on the Flaxcombe heavy oil field, wholly owned by Westcore Energy Ltd. ("Westcore"). Eros invested $1,600,000, acquiring a 90% working interest in the wells until its investment is recovered and a 50% working interest thereafter. In addition, Eros will maintain a right of first refusal to participate on the same terms on two subsequent drill programs to be drilled on the same lands, to a maximum of $1,600,000 per future drill-program. The 3 well program is designed to drill offset locations to Westcore's existing production wells at Flaxcombe.

On February 8, 2017, Eros advised that it exercised two million warrants in Westcore at an exercise price of $0.15. Through the exercise of these warrants, Eros's ownership of Westcore increased to four million common shares, representing 12.82% of the 31,193,689 outstanding shares of Westcore.

On April 12, 2017 Eros announced that it proposes to raise up to $1.5 million through a non-brokered private placement financing via the issuance of 8.3 million units at a price of CDN $0.18 per unit, subject to TSX Venture Exchange approval. Each unit will consist of one common share and one half of one share purchase warrant, with each full warrant entitling the holder to acquire one additional common share at an exercise price of $0.25 for a period of 2 years from the closing date and $0.30 for an additional year, up to 3 years from the closing date.

On June 19, 2017, Eros closed a non-brokered private placement financing via the issuance of 6,486,750 units at a price of CDN $0.16 per unit. Each unit consists of one common share and one half of one share purchase warrant, with each full warrant entitling the holder to acquire one additional common share at an exercise price of $0.25 until June 19, 2019, and at $0.30 for an additional year, until June 19, 2020. Legal costs of $10,982 were paid and finders fees of $24,088 were paid to certain finders in conjunction with this placement.

On October 11, 2017, the Company announced the results of a Preliminary Economic Assessment ("PEA") on its wholly owned Bell Mountain gold project in Churchill County, Nevada. The PEA provides a base case assessment of the current status of the Project notwithstanding the Bureau of Land Management ("BLM") September 1, 2016 notice that the US Navy had applied to expand the Fallon Range Training Facility and withdraw 604,789 acres of public land, an area that includes the entire Bell Mountain Property.

The base case PEA assumed a gold price of $1,300/oz and a silver price of $17.50/oz, resulting in

- a pre-tax Net Present Value ("NPV") @ 5% of $17.6 million USD, and an Internal Rate of Return ("IRR") of 41.4%, with payback in ~1.7 years;
- an after-tax NPV @ 5% of $9.3 million USD and an IRR of 24.7%, with payback in ~2.7 years;
- pre-production capital cost was estimated at $18.5 million USD including a $1.7 million USD contingency;
- Life of Mine ("LOM") production of 60,056 ounces of gold and 408,498 ounces of silver over a 4.0 year mine-life; and
- LOM cash cost of US$759/oz, net of by-product silver credits and including royalty payments totalling $2.56 million.

EVENTS SUBSEQUENT TO DECEMBER 31, 2017:

Subsequent to December 31, 2017, the Company subscribed for 1,428,571 shares of Skeena at a price of $0.70 per share, in a private placement which closed on March 29, 2018. Skeena is a related party.

EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation asset spending to December 31, 2017 has been capitalized as follows:

	British Columbia	Saskatchewan	Quebec (Chateau Fort)	Labrador/ Newfoundland	Nevada	**Total**
Commodity	gold	uranium (2016)	gold	uranium	gold-silver	
Balance at December 31, 2015	-	$ 3,212,756	$ 24,565	$ 1	$ 2,025,912	$ 5,263,234
Additions						
Acquisition costs	6,500	-	-	-	259,500	266,000
Staking and maintenance	-	-	-	-	61,295	61,295
Expense recovery royalties	-	-	-	-	20,000	20,000
Geology/ geophysics	-	-	-	-	303,973	303,973
Analyses and assays	-	-	-	-	68,690	68,690
Field support	-	-	-	-	105,675	105,675
Environmental and socio-economic	-	-	-	-	226,978	226,978
Total additions for the year:	6,500	-	-	-	1,046,111	1,052,611
Write-off of exploration and evaluation assets	-	(3,212,756)	-	(1)	-	(3,212,757)
Balance at December 31, 2016	6,500	-	24,565	-	3,072,023	3,103,088
Additions						
Staking and maintenance	-	-	-	-	55,726	55,726
Geology/ geophysics	-	-	-	-	292,724	292,724
Analyses	-	-	-	-	6,408	6,408
Field support	-	-	-	-	61,151	61,151
Environmental and socio-economic	-	-	-	-	84,865	84,865
Total additions for the year:		-	-	-	500,874	500,874
Write-off of exploration and evaluation assets	-	-	(24,565)	-	(3,572,897)	(3,597,462)
Balance at December 31, 2017	$ 6,500	$ -	$ -	$ -	$ -	$ 6,500

RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual information from the audited consolidated financial statements for the years ended December 31, 2017, 2016, and 2015:

Year ended		2017		2016		2015
Revenue	$	365,519		Nil		Nil
Net loss for the year	$	(1) (2,631,658)	$	(2) (3,063,771)	$	(3) (1,274,824)
Basic & diluted loss per share	$	(0.10)	$	(0.07)	$	(0.03)
Total assets	$	11,127,882	$	14,930,496	$	15,937,334
Non-current financial liability	$	Nil		Nil		Nil
Cash dividends paid	$	Nil		Nil		Nil

(1) Includes $880,000 of deferred income tax recovery, $2,317,279 realized gain on sale of marketable securities, offset by ($3,597,462) of impairment of exploration and evaluation assets, and ($930,286) of impairment of oil and gas assets.
(2) Includes $489,927 of unrealized gain on marketable securities held for trading, $330,014 realized gain on sale of marketable securities, offset by ($3,212,757) of impairment of exploration and evaluation assets.
(3) Includes $702,780 of deferred income tax recovery, offset by ($894,305) loss on divisive reorganization, ($528,277) of share based payments expense, and ($293,702) of impairment of exploration and evaluation assets.

The results over the past three years have shown a path toward first revenue in the latter part of 2017. Along the way, various projects have been attempted, with various levels of success. Annual results tend to be significantly impacted by impairments, gains on marketable securities, recovery of deferred income taxes.

SUMMARY OF QUARTERLY RESULTS

The following table reports selected financial information of the Company for the past eight quarters commencing with the reported financial information for the most recent quarter.

Quarter ended		31-Dec-17		30-Sep-17		30-Jun-17		31-Mar-17
Increase (decrease) in mineral property acquisition and exploration costs	$	(4,312,940)	$	136,581	$	911,524	$	168,247
Capitalized oil property costs	$ $	175,245 less (930,286) impairment	$	1,493,741	$	-	$	-
Revenue[1]	$	227,377	$	138,142	$	-	$	-
Net income (loss)	$	(4,698,169)[2]	$	90,929[3]	$	1,302,518[4]	$	673,064[5]
Unrealized gain (loss) and transfer on marketable securities	$	(815,617)	$	1,002,770	$	(2,483,530)	$	538,528
Comprehensive income (loss)	$	(5,513,786)	$	1,093,699	$	(1,181,012)	$	1,211,592
Net Income (loss) per share	$	(0.12)	$	0.03	$	(0.03)	$	0.02

Quarter ended		31-Dec-16		30-Sep-16		30-Jun-16		31-Mar-16
Capitalized property acquisition and exploration costs	$	(3,136,889)[6]	$	147,352	$	543,547	$	285,844
Revenue[1]		-		-		-		-
Net income (loss)	$	(2,926,698)[6,7]	$	(2,778)	$	44,428	$	(178,724)
Unrealized gain (loss) on marketable securities, net	$	(3,245,199)	$	3,139,148	$	1,468,355	$	490,077
Comprehensive income (loss)	$	(6,171,897)	$	3,136,370	$	1,512,783	$	311,353
Net income (loss) per share	$	(0.07)	$	(0.00)	$	0.00	$	(0.00)

(1) The Company was in the exploration stage and had no revenue prior to Q3, 2017.
(2) Includes impairment of oil & gas assets of $1,186,320, and impairment of exploration assets of $3,597,462
(3) Includes gain on sale of marketable securities of $1,462,954
(4) Includes gain on sale of marketable securities of $853,559
(5) Includes write down of Saskatchewan properties of $3,212,756
(6) Includes gain on marketable securities, held for trading of 489,927

Discussion of variation in quarterly results

Primary factors influencing the fluctuation in quarterly capitalized property acquisition and exploration costs include whether a new property was acquired, or whether an existing property was written down. Write downs, when they occur, and gains or losses on “marketable securities, held for trading” also tend to significantly impact net income (loss) and comprehensive income (loss). Unrealized gains or losses on “marketable securities, available for sale” significantly impact comprehensive income (loss). Significant factors are indicated in subscripts to the above table.

Loss for the three months ended December 31, 2017

A net loss of $4,698,169 (2016 – $2,926,698) was recorded for the three months ended December 31, 2017, primarily due to the $3,597,462 impairment of the company’s mineral exploration projects, and $930,286 impairment of the Company’s oil and gas producing assets. These impairment charges were partially offset by an $880,000 recovery of future income tax assets in the quarter. Also, when compared with the quarter ended December 31, 2016, a significant decrease in wages occurred in the three months ended December 31, 2017 due to the one-time costs of recruiting new management in the prior year. Oil revenues for the quarter, while still modest, increased over the prior quarter due to Q4 being the first full-quarter of production since the three wells began producing.

In addition, a sizeable decrease in the comprehensive loss item “unrealized gain on marketable securities, available for sale,” from $3,204,187 in Q4 2016 to $810,617 in Q4 2017, added substantially to the comprehensive loss for the 2017 period.

Loss for the year ended December 31, 2017

Notably, 2017 is the year that Eros began producing oil, with a modest, but positive, gross profit.

A loss of $2,631,658 (2016 – $3,063,771) was recorded for the year ended December 31, 2017, due to a variety of factors. Larger impairment adjustments in 2017, impacting both exploration and evaluation assets, and producing plant and equipment, contributed to increasing the 2017 loss by $1,314,991 as compared with 2016. Offsetting these factors were the realization of a deferred income tax recovery in 2017 of $880,000, with no such recovery in 2016. Also, significant gains were realized on the sale of marketable securities in 2017, reflecting an increase of approximately $2 million over the gain on sale recognized in 2016. This was partially offset by an unrealized loss on "marketable securities, held for trading" of $83,327, which was $573,254 less favourable than 2016's gain of 489,927. An increase in wages occurred in 2017 due to the retention of new management, however this was offset by a similarly sized decrease in share-based payments.

As 2017 was the first year of oil production, there are no comparable prior period gross revenue figures.

In comprehensive income, a sizeable decrease in the unrealized gain on "marketable securities, available for sale," from $1,893,393 in 2016 to $22,380 reflects the impact of the Company's strategy of selling into strength and realizing profits on the equity portfolio.

Cash flows for the year ended December 31, 2017

Cash used in operating activities was $976,977 for the year ended December 31, 2017 as compared with the $367,300 used in the year ended December 31, 2016, for reasons explained in the loss for the year ended December 31, 2017 section, above. In 2017, Eros continued to invest in marketable securities, investing $1.6 million as compared with $3.3 million in 2016. Eros also invested in plant and equipment for the Flaxcombe oil and gas field, investing $1.5 million in 2017, with no comparable expenditure in 2016. In 2017, these two investments were funded primarily through the sale of marketable securities, generating $3.3 million in cash, significantly more than the $1.2 million so generated in 2016. Finally, Eros generated $1 million in 2017 through the issuance of shares, with no comparable transactions in 2016.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2017, the Company had working capital[1] of $3,690,049 as compared to working capital of $3,880,224 at December 31, 2016, representing a slight decrease in working capital and liquidity, for a variety of reasons outlined in the previous Cash flows section.

The Company's is budgeting administrative costs of approximately $200,000 for 2018, net of anticipated oil production gross profit, plus any investments or sales of investments that may be made during the upcoming year, based on market conditions.

[1] Working capital is a non-GAAP measure and is defined as "current assets less current liabilities"

A deferred income tax liability of approximately $3.1 million is primarily a result of an expropriation-settlement with the Province of British Columbia. This liability can be eliminated by spending approximately $12 million on Canadian acquisitions and exploration expenditures within the next 6 years.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the year ended December 31, 2017 and 2016 was as follows:

	Year ended December 31,			
		2017		**2016**
Share-based compensation	$	**53,737**	$	133,525
Short-term benefits	$	**392,847**	$	328,056

Short-term benefits consist exclusively of salaries, bonuses, health benefits and consulting fees for key management personnel.

Related party transactions are measured in the normal course of business at the exchange amount as agreed by the parties.

The Company has no written contractual commitments with related parties, apart from an employment agreement with the Chief Financial Officer. In relation to short term benefits as defined above: during the year ended December 31, 2017, Keewatin Consultants (2002) Ltd was paid $29,500 (2016: $54,000) for services of a director, Ron Stewart was paid $264,483 (2016: $182,219) for services as the former Chief Executive Officer and Director, Andrew MacRitchie was paid $61,823 (2016: $31,260) for services of the Chief Financial Officer. Each of the directors was paid $1,000 per month for their service. 900,000 stock options exercisable at $0.165 were distributed to Directors, the CEO and the CFO in August of 2017. In addition, 1,075,000 stock options exercisable at $0.20 were distributed to Directors, the CEO and the CFO in August of 2016. Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments paid to key management personnel during the year ended December 31, 2017 and 2016.

In addition, the amount of $28,800 (2016 – $30,600) was paid to Skeena in exchange for office rent and certain administrative and accounting services provided to the Company.

Investments in related parties

In April 2015, the Company entered into an arrangement with Skeena Resources Limited (“Skeena”) to earn an interest in Skeena’s Spectrum-GJ property by spending $1,500,000 on exploration. The arrangement contained exclusivity terms and a conversion option. The funds were to be used exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures (“CEE”). Upon completion of the earn-in the parties had 30 days to negotiate a joint venture agreement, whereby Skeena would continue to be the operator and the Company would contribute its proportionate share of funding to maintain its 8.7% interest in the property. Under the terms of the agreement, since the Company and

Skeena were unable to negotiate an agreement, the 8.7% interest was converted to 25,000,000 common shares of Skeena in April 2016.

The Company subscribed for 1,428,571 shares of Skeena at a price of $0.70 per share, in a private placement which closed on March 29, 2018.

In addition, the Company subscribed for 1,875,000 units of Skeena at a price of $0.80 per unit, in a private placement which closed on July 22, 2016. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant is exercisable for a period of three years at $1.20 in the first year, $1.40 in the second year, and $1.60 in the third year. Eros and Skeena share two common directors.

In June 2016, the Company participated in a private placement from Tarku Resources Ltd. ("Tarku"), purchasing 1,300,000 units at $0.05 per unit. Each unit includes one warrant, entitling the holder to purchase one common share of Tarku for $0.10 for 24 months from closing. In addition, during 2016, the Company received the repayment from Tarku of a promissory note in the amount of $54,934 plus interest. Eros and Tarku share a common director.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standards, and amendments to standards and interpretations, were first effective for the year ended December 31, 2017, and have not had a material impact on these financial statements:

Accounting standards issued and effective January 1, 2017

IAS 7 Statement of Cash Flows – Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Certain new standards, interpretations and amendments to existing standards are not yet effective and have not been applied in preparing these financial statements.

Accounting standards issued and effective January 1, 2018

A finalized version of IFRS 9 *Financial Instruments*, which contains accounting requirements for financial instruments, replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in classification and measurement, impairment of financial assets, hedge accounting and de-recognition of financial assets and liabilities carried forward from IAS 39. The Company is in the process of determining the impact of IFRS 9 on its financial statements. This updated standard is applicable to annual periods beginning on or after January 1, 2018.

IFRS 16 *Leases*: replaces IAS 17 "*Leases*" and the related interpretive guidance. The new standard will eliminate the current dual accounting model of leases by lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The new standard will, instead, distinguish between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, including a single on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low-value assets. Lessor accounting is not substantially changed. The Company expects the new standard to result in some leases that are currently accounted for under the operating lease method being added to the balance sheet. Such adjustments, however, are not yet quantifiable as the Company's assets under lease may be different at the time of standard implementation. This updated standard is applicable to annual periods beginning on or after January 1, 2018.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

The Company's carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity. The Company has not hedged its exposure to any of the following risks.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, promissory notes receivable, and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The total exposure of the Company to credit risk is represented by the carrying value of cash and cash equivalents, promissory notes receivable, and accounts receivable as shown in the balance sheet.

Interest Rate Risk

Included in the income for the year in these financial statements is interest income on Canadian dollar cash and cash equivalents. As the interest amounts received were small in amount, the Company is not exposed to significant interest rate risk.

Foreign Currency Risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A 10% strengthening of the Canadian dollar against the US dollar would have increased the Company's comprehensive loss by $90,186 (2016 - $80,255). A weakening of the Canadian dollar would have had the opposite effect.

Liquidity Risk

The Company is subjected to liquidity risk to the extent of its accounts payable and accrued liabilities only. These amounts, as shown in the Company's balance sheet, all mature within 90 days of December 31, 2017.

RISKS AND UNCERTAINTY

Success in the mining exploration business is measured by a company's ability to raise funds, secure properties of merit and, ideally, identify commercial deposits on one of its properties. The attainment of these objectives is influenced by many factors not necessarily within management's control.

Risk factors include political risks and government interference, the establishment of undisputed title to mineral properties, environmental concerns and obtaining governmental permits and licenses when required.

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing far greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire, explore and develop properties in the future.

The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, metal prices and perceptions as to market trends.

The Company limits its exposure to credit loss by placing its cash with major financial institutions.

The investment in expenditures on exploration and evaluation assets comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, and either the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored ultimately develop into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or will be written off if the properties are abandoned and the claims are allowed to lapse.

CONFLICTS OF INTEREST

Some of the directors of the Company are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest. In particular, one of the consequences will be that corporate opportunities presented to a director of the Company may be offered to another company or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by Business Corporations Act (British Columbia), applicable securities law, and the procedures prescribed in the corporate governance guidelines published by the BCSC and TSX-V.

OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional disclosure for venture issuers without significant revenue:

Capital Stock updated to *April 27, 2017*:

Authorized:

Unlimited number of voting common shares
Unlimited number of redeemable, retractable, convertible, preferred shares

Issued:	48,446,854	common shares
Options:		
	4,181,250	options outstanding
	3,606,250	options exercisable
Warrants:		
	3,243,375	warrants outstanding
Fully diluted:	56,234,354	

List of Directors and Officers

Directors
Tom MacNeill, *Saskatoon, SK*
Ross McElroy, *Kelowna, BC*
Ronald K. Netolitzky, *Victoria, BC*
Donald Siemens, *Langley, BC*

Officers
Ron Netolitzky, President & *CEO*
Andrew MacRitchie, CFO & Corp. Secretary

Auditors Smythe LLP
Legal Counsel McKercher LLP