



EROS RESOURCES CORP.

(an exploration stage enterprise)

Management Discussion and Analysis

Nine months ended September 30, 2019 and 2018

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INTRODUCTION

This MD&A has been prepared by management as at November 29, 2019 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 unaudited condensed interim consolidated financial statements of Eros Resources Corp. (“Eros”, or the “Company”) and the related notes thereto for the nine months ended September 30, 2019 and 2018, as well as in conjunction with the audited consolidated financial statements of Eros and the related notes thereto for the years ended December 31, 2018 and 2017, 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 nine months ended September 30, 2019 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 financial statements and more detail on specific mineral properties and oil and gas projects 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 of production, reclamation, operation and otherwise; and*
- exploration, development and expansion plans, objectives and results.*

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, outcomes or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events, outcomes 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.

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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 420, West Pender 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

In August 2016, the Department of the Navy of the United States Department of Defense (the "Navy") issued a notice in the Federal Register to prepare an environmental impact statement ("EIS") regarding a proposed expansion of the Fallon Range Training Complex, including a proposed withdrawal and reservation for military use of public lands. The Company's Bell Mountain Project consists of unpatented mining claims that are located on federal lands within the proposed expansion area. For a period of two years the Company was restricted from conducting any new project advancement that required surface disturbance. This withdrawal notice has expired.

On August 31, 2018, the Bureau of Land Management ("BLM") of the Department of the Interior issued a Public Land Order in the Federal Register creating an additional four-year withdrawal of public lands to allow the Navy time to complete their EIS under the National Environmental Policy Act ("NEPA"). Owing to on-going negotiations between the Company and the Navy/BLM, the Bell Mountain mining claims were specifically exempted from the new four-year withdrawal. Furthermore, the Navy is proposing a Special Land Management Area ("SLMA") which would allow for continued mineral exploration and development at the Bell Mountain project. While not assured, the SLMA is the preferred "Alternative 3" in the Navy's present expansion proposal. The Company is actively working with the Navy and BLM to move the project forward.

The Company controls 100% ownership of the Bell Mountain gold-silver property. Advancement of the property towards production is no longer restricted by the BLM/Navy moratorium since the claims were specifically exempted from withdrawal in August 2018. A conceptual Plan of Operations has been submitted to the BLM and permitting and engineering work are in progress. An environmental Assessment ("EA") under NEPA is also in progress. Stantec Consulting Services Inc. of Reno, Nevada is handling the permitting work. Welsh Hagen Associates of Reno, Nevada is handling the engineering work and also the Water Pollution Control Permit. The Company is working with the Navy and NV Energy in an effort to acquire access to grid electrical power from an existing Navy powerline that runs directly to the Bell Mountain property. Geotechnical work at the proposed leach pad site is underway and condemnation drilling is planned. The Company is targeting 2020 for possible completion of the NEPA documents.

An advance royalty payment of \$20,000 is due annually on June 15 until such time as there is production from the property. Due to the Navy's moratorium on exploration activities, the advance royalty has been deferred for the years ending December 31, 2017 and 2018.

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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.

BRITISH COLUMBIA PROJECTS

Golden Triangle

In 2016, the Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC, near the past producing Snip mine. 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

Denison Joint Venture

Hatchet Lake and Murphy Lake - Eros holds 29.85% 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 in the potential of the area and intends to defend its interest in the properties.

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

The Hatchet Lake property is considered prospective for uranium as well as base and precious metals. Historic drill holes have reported U, Ni, Co, Cu, Au and Ag enrichment. The proposed ground geophysical program will cover areas prospective for the above metals. Historic holes on the property have reported:

4.9% Ni, 6.1% Co over 5 metres
5.9% Cu over 2 metres
21.5 g/t Au over 1 metre
19.6 g/t Ag, 3.3% Pb, 0.27% Zn over 9.6 metres

The proposed program for 2019 includes reviewing historic core, especially sulphide intersections for additional base or precious metal enrichment.

Oil and gas interests

Flaxcombe Heavy oil field

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The Company has invested in heavy oil production in the Flaxcombe Field in the Kindersley area of Saskatchewan by funding the drilling of three wells by Westcore, a related party in which the Company also holds a significant equity position. Eros receives 90% of revenue from the wells until pay back of expenditure is received. Eros also has a right of first refusal to participate in drilling further wells with Westcore. The wells were drilled, completed and brought online in 2017.

In early 2018, the Company agreed to lease 415 hectares of land near its Flaxcombe wells from a third party, for a 2-year period with an option to extend the lease for an additional 2 years. The Company also acquired 2-d and 3-d seismic data for the region and had it analysed in order to help identify potential drilling targets. These activities helped decrease the Company's future tax liability.

The heavy oil market in Canada has suffered from poor economics in 2018 and 2019 principally due to ongoing delays in the development of pipeline capacity to tide water on the west coast of Canada. The impact of this has severely limited takeaway capacity in the heavy oil regions of western Canada, which has had direct downward pressure on the realized price that Eros and Westcore receive for the heavy oil it produces.

As a result of this downward pressure, the wells drilled in 2017 were no longer economic to produce in the fall of 2018 and 2019 to date, and Westcore made the decision to take the wells offline. Eros has recorded an impairment loss to bring the carrying value of the properties to nil at December 31, 2018. The Company also impaired the value of the additional lease and seismic data acquired in 2018 to nil as at December 31, 2018.

Both Eros and Westcore believe the wells will return to profitability and production will be re-initiated. The timing of this remains uncertain.

QUEBEC

Chateau Fort gold property

The Chateau Fort gold property is 18,867 hectares in size and is located in central Quebec. On March 24, 2015 the Company announced it had optioned the property to Tarku Resources Ltd. ("Tarku"). Under the terms of the agreement, Tarku can earn a 100% interest in the Property, subject to certain underlying diamond rights and Net Smelter Returns royalties. In return, Tarku shall pay \$100,000 in cash and 8 million shares in staged payments over four years. During 2016, Tarku repaid a promissory note owed to the Company and renegotiated the terms of the option on Chateau Fort, dropping the requirement for further payments in cash or shares.

Eros retains a 2% Net Smelter Returns royalty on claims not subject to other underlying agreements, of which 1% can be bought down for a payment of \$2 million. In addition, Eros retains the right to maintain its pro rata percentage ownership of Tarku via future financings and retains a right of first refusal on third party offers to purchase the Property.

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OVERALL PERFORMANCE and OUTLOOK

In the 9 months ended September 30, 2019, the Company continued to make progress on both of its primary business objectives. Development works continued at Bell Mountain, as the Company drives toward the completion of permitting. Timing of completion remains somewhat uncertain, but the Company is targeting fiscal 2020 for receipt of the final permit.

Within the trading portfolio, the Company continued having success in exiting positions and re-deploying that capital into Bell Mountain. While this strategy may continue in the short-term, it remains the intention of the Company to build on its existing portfolio and trade it actively. Success in the trading activities depends to a great degree on the relative health in the junior resource market, a market which continues to lag, and likely will continue to lag through the remainder of 2019. The Company generated a realized loss on trading activities of \$362,453 in the nine months ended September 30, 2019 (2018 – gain of \$78,133), but recorded unrealized gains of \$1,671,985 (2018 – loss of \$2,866,370).

The Company's focus remains on mineral exploration and development with our lead project remaining the Bell Mountain project, and is making continued strides towards permitting. Engineering and geotechnical work is ongoing at the Bell Mountain project. Funding this work has been accomplished through the successful trading of the Company's equity portfolio.

While management believes that the fourth quarter will likely show some softening in the junior resource market, they further believe that there will be a strong rebound in the first quarter of 2020, which in turn will lead to additional financing being completed in the space. This will allow the Company to capitalize on its trading capabilities, generating additional development funds for Bell Mountain as well as for further investment within Canada, which will be focused principally on flow through share investing.

The Company's oil investment in the Flaxcombe heavy oil field has been written to nil. Management does not anticipate a material change in the oil and gas industry in western Canada in the near term.

EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation asset spending to September 30, 2019 has been capitalized as follows:

Commodity	British Columbia			Saskatchewan	Nevada	Total
	Gold	Heavy Oil	Uranium	Gold-Silver		
Balance at Dec. 31, 2018	\$ 6,500	\$ -	\$ 4,601	\$ 448,893	\$ 459,994	
Additions:						
Land costs	-	-	-	(585)	(585)	
Staking & maintenance	-	-	-	176,584	176,584	
Geology/geophysics	-	-	-	492,630	492,630	
Field support	-	-	-	37,885	37,885	
Environmental and socio-economic	-	-	-	444,543	444,543	
Total additions for 2018	-	-	-	1,151,057	1,151,057	
Balance at Sep. 30, 2018	\$ 6,500	\$ -	\$ 4,601	\$ 1,599,950	\$ 1,611,051	

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RESULTS OF OPERATIONS

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	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18
Increase (decrease) in mineral property acquisition and exploration costs	\$ 515,029	\$ 341,150	\$ 294,878	\$ 140,230
Capitalized oil property costs	\$ -	\$ -	\$ -	\$ -
Less impairment	\$ -	\$ -	\$ -	\$ -
Revenue ⁽¹⁾	\$ 175	\$ 133	\$ 30,310	\$ 20,551
Net income (loss)	\$ (28,823) ^(1,2)	\$ (1,188,365) ^(1,3)	\$ 2,214,343 ⁽⁴⁾	\$ (2,575,438) ⁽⁵⁾
Net income (loss) per share	\$ (0.00)	\$ (0.03)	\$ 0.05	\$ (0.05)

Quarter ended	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17
Capitalized property acquisition and exploration costs	\$ 181,838	\$ 71,497	\$ 59,929	\$ (4,312,940) ⁽⁸⁾
Capitalized oil property costs	\$ -	\$ -	\$ -	\$ 175,245
Less impairment	\$ -	\$ -	\$ -	\$ (4,698,169)
Revenue ⁽¹⁾	\$ 98,522	\$ 64,806	\$ 109,452	\$ 227,377
Net income (loss)	\$ (835,145) ⁽⁶⁾	\$ (1,365,848) ⁽⁷⁾	\$ (620,785) ⁽⁸⁾	\$ (4,698,169)
Net income (loss) per share	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.12)

- (1) The Company had no material revenues from oil production as wells were offline throughout the quarter.
(2) Includes unrealized gain on marketable securities of \$281,191
(3) Includes unrealized loss on marketable securities of \$1,011,749
(4) Includes unrealized gain on marketable securities of \$2,402,543
(5) Includes impairment of oil & gas assets of \$346,490, impairment of exploration assets of \$82,455 and unrealized loss on marketable securities of \$1,656,998
(6) Includes unrealized loss marketable securities of \$797,592
(7) Includes unrealized loss on marketable securities of \$1,415,996
(8) Includes unrealized loss on marketable securities of \$652,782

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 – whether realized on sale, or unrealized, also significantly impact net income (loss) and comprehensive income (loss). Prior to December 31, 2017, unrealized gains or losses on “marketable securities, available for sale” significantly

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impact comprehensive income (loss). Subsequent to December 31, 2017, the new accounting standard IFRS 9 was adopted which caused a change in accounting treatment of unrealized losses on equity instruments. Unrealized gains and losses subsequent to December 31, 2017 are recognized as a component of net income or net loss.

Net loss for the three months ended September 30, 2019

A net loss of \$28,823 (Q3 2018 – net loss of \$854,585) was recorded for the three months ended September 30, 2019 (“Q3 2019”) primarily due to the unrealized gain on marketable securities of \$281,191 (Q3 2018 – unrealized loss of \$797,592), offset by a loss on sale of marketable securities of \$193,492 (Q3 2018 – gain of \$11,276). When compared with the quarter ended September 30, 2018, Oil revenues showed a decline of \$98,247, which is the result of the wells being offline for Q3 2019. Expenses generally increased in Q3 2019 when compared to the same period of 2018, driven principally by share-based compensation related to stock options issued in Q3 2019. Wages also increased in the quarter, due to increased staffing levels.

Net income for the nine months ended September 30, 2019

Net income of \$997,155 (YTD-18 – net loss of \$3,307,184) was recorded for the nine months ended September 30, 2019 (“YTD-19”), primarily due to the unrealized gains on marketable securities of \$1,671,985 (YTD-18 – loss of \$2,866,370), partially offset by a \$362,453 realized loss on sale of marketable securities (YTD-18 – realized gain of \$78,133). Oil revenue in YTD-19 showed a decline of \$242,856 over YTD-18, resulting from the wells being offline for the majority of 2019. When compared with the nine months ended September 30, 2018 (“YTD-18”), there was a decrease in wages from \$304,819 in the prior year to \$145,950 in YTD-19 due to the cost savings resulting from a change in management. Expenses were further reduced in YTD-19 as there was no expense related to property research, as we experienced in YTD-18, and there was a significant decrease in professional fee of \$46,622.

Cash flows for the nine months ended September 30, 2018

Cash used in operating activities was \$213,398 for the nine months ended September 30, 2019 as compared with the \$501,569 used in the nine months ended September 30, 2018.

Eros continued to trade actively in marketable securities in the nine months ended September 30, 2019 with acquisitions of \$687,379 (YTD-18 \$2,011,749). Eros offset these cash outflows by generating proceeds of \$1,590,196 from the sale of marketable securities during the nine month ended September 30, 2019, compared to \$238,151 during the nine months ended September 30, 2018. Additionally, Eros continued to heavily invest in the Bell Mountain project in Nevada, with YTD-19 exploration expenditures of \$1,151,057 as compared to \$313,264 in the same period of 2018.

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LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2019, the Company had working capital¹ of \$326,279 as compared to working capital of \$1,191,218 at December 31, 2018, representing a decrease in working capital, and in liquidity, of \$864,939 as Eros invested in the Bell Mountain project.

The Company is budgeting administrative costs of approximately \$200,000 for 2019. This amount excludes any purchases or sales of investments that may be made, based on market conditions.

A deferred income tax liability of approximately \$3.1 million is a result of deferring income tax on the proceeds of the settlement with the Province of British Columbia relating to the government's implementation of the ban on uranium mining in the province. This liability can be eliminated by spending approximately \$12 million on Canadian acquisitions and qualifying exploration expenditures within the next 4.75 years.

The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional equity financing or the attainment of profitable operations. There are no assurances that the Company will be successful in achieving either one of these goals. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or under terms acceptable to the company. The Company's discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditures, and expenditures have been adjusted accordingly.

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 six months ended June 30, 2019 and 2018 was as follows:

	Nine months ended Sept. 30, 2019	Nine months ended Sept. 30, 2018
Share-based compensation	\$ 56,722	\$ 18,379
Short-term benefits ¹	\$ 111,784	\$ 84,028

¹Remuneration consists exclusively of salaries, bonuses, health benefits and consulting fees.

See Note 7 in relation to three oil and gas wells drilled with Westcore. Eros and Westcore have a director and officer in common. During the quarter ended September 30, 2019, the Company showed \$64,757 (December 31, 2018 - \$67,460) in accounts receivable from Westcore. The Company also received \$37,253 (December 31, 2018 - \$293,331) in oil revenue, paid \$6,801 (December 31, 2018 - \$41,690) in

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

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royalties and paid \$19,042 (December 31, 2018 - \$235,401) for direct costs relating to oil production, all through Westcore.

See also Note 10 in relation to a promissory note issued to MAS Gold Corp., a Company that is related due to having a common director and common management. Also, the Company subscribed for 833,333 units of MAS Gold Corp. at a price of \$0.12 per unit, in a private placement which closed on April 3, 2019. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for a two year period at an exercise price of \$0.15 per common share.

Included in accounts payable is an advance from a related party in the amount of \$200,000. The amount is unsecured, non-interest bearing and is due on demand.

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 adopted in the nine month period ended September 30, 2019:

Accounting standards issued and effective January 1, 2019

IFRS 16 Leases

A finalized version of IFRS 16 *Leases* replaces IAS 17 *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting period beginning on or after January 1, 2019.

The adoption of this standard will not have a material impact on the Company's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23")

This new interpretation, issued by the IASB in June 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.

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- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgements or estimates relating to uncertain tax treatment when facts and circumstances change.

The interpretation is effective for the Company's annual period beginning January 1, 2019. The adoption of IFRIC 23 will not have a material impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities which consist of common shares are based on quoted prices and are therefore considered to be Level 1. The marketable securities which consist of warrants are based on inputs other than quoted prices and therefor considered Level 2. The Company's risk exposures are summarized below:

Credit risk

Credit risk is the risk that the Company will incur an unexpected loss as a result of the counterparty to a financial asset failing to meet their contractual obligations. The Company's financial assets that are exposed to credit risk and cash and cash equivalents, accounts receivable, and promissory notes receivable. The Company holds cash at a major Canadian financial institution in accordance with the Company's investment policy. Management considers credit risk on cash to be low, as the counterparties are highly rated Canadian banks. The Company is exposed to some credit risk on accounts receivable and promissory notes receivable, apart from sales tax refunds receivable.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash on hand. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. Market risk to which the Company is exposed is as follows:

Interest rate risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

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 significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2019 and December 31, 2018, the Company is exposed to currency risk through the following financial assets denominated in a currency other than the Canadian dollar:

	September 30, 2019		December 31, 2018	
	US \$	CDN \$	US \$	CDN \$
		\$		
Cash	\$ 55,756	260,354	380,717	519,215
Accounts payable	(198,428)	(48,433)	(60,022)	(81,858)

Based on the above, assuming all other variables remain constant, a 10% strengthening of the Canadian dollar against the US dollar would have increased the Company's comprehensive income by 25,419 (December 31, 2018 - \$43,736 decrease). A weakening of the Canadian dollar would have the opposite effect.

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 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 the Business Corporations Act (British Columbia), applicable securities law, and the procedures prescribed in the corporate governance guidelines published by the BCSC and TSX-V.

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OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional disclosure for venture issuers without significant revenue:

Capital Stock updated to November 29, 2019:

Authorized:

Unlimited number of voting common shares

Unlimited number of redeemable, retractable, convertible, preferred shares

Issued: 48,446,854 common shares

Options:

375,000 at \$0.1733 until June 3, 2020

225,000 at \$0.1733 until June 5, 2020

675,000 at \$0.20 until August 16, 2021

400,000 at \$0.165 until August 29, 2022

2,400,000 at \$0.08 until July 30, 2024

4,075,000

Fully diluted: 52,521,854 common shares