

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended May 31, 2017

Background

The following discussion and analysis, prepared as of September 28, 2017, should be read together with the audited consolidated financial statements for the year ended May 31, 2017 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

These audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Boroyeca Gold & Silver de Mexico S.A. de C.V., Tombstone Gold & Silver Inc. and Tombstone Resources Inc. Tombstone Gold & Silver Inc. and Tombstone Resources Inc. are both Arizona, USA companies. All inter-company transactions and balances have been eliminated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Overview

Baroyeca Gold & Silver Inc. (the "Company") was incorporated on February 17, 2006 and commenced business at that time. The Company is a mineral exploration and evaluation company with no revenue generating operations, other than some incidental revenue from the sale of gravel from its Tombstone Properties which is reported as a recovery of costs incurred on those properties. Accordingly, any funds raised for the Company's operations are through the sale of shares in its capital stock or from debt financing. The Company's fiscal year end is May 31.

The Company completed its initial prospectus offering ("IPO") on December 15, 2010 and was listed on the TSX Venture Exchange under the symbol **BGS**. The Company raised net proceeds \$2,564,484 through its prospectus offering and then in the first part of 2011 carried out the work program on its Mexican properties that was recommended in the technical report (the "Technical Report") described in its prospectus. Following that program the Company's consulting geologist recommended a further work program, including drilling, on the Mexican property that was undertaken during the 2012 fiscal year (for further information on its properties and the work carried out, see "Results of Operations - *Description of Properties*" below).

Copies of the Technical Report and the Company's prospectus for its IPO are both available for review under the Company's disclosure documents at www.sedar.com.

During the 2012 fiscal year, the Company reviewed and acquired additional mineral property interests, consisting of certain patented mineral claims and unpatented lode claims situated near Tombstone, Arizona, U.S.A. (the "Tombstone Property").

Results of Operations

Description of Properties

The Mexican Properties

The Company holds an interest in one mineral property situated in the Municipality of Quiriego, Sonora State, Mexico having forfeited its interest in a second property, referred to as the Option Property, at the end of its 2014 fiscal year. The remaining property, referred to herein as the Baroyeca 4 Property was acquired by the Company through staking.

The Company incorporated its own Mexican subsidiary, Boroyeca Gold & Silver de Mexico S.A. de C.V., through which it carries out its exploration activities in Mexico.

Baroyeca 4 Property

During June 2007, the Company engaged the services of Francisco Garcia Garcia, a resident Mexican citizen, to stake and make application for the Baroyeca 4 concession, comprising 7,697 hectares, contiguous with and to the north and east of the Option Property. Subsequently, the concession was granted to Francisco Garcia Garcia by the Mexican Ministry of Mines and assigned to Boroyeca Gold & Silver de Mexico S.A. de C.V., the Company's subsidiary.

As the Baroyeca 4 concession was situated within the area of interest as defined for the Option Property, the Company issued a notice to the Syndicate as provided in the Option Agreement. The Syndicate did not elect within the 30 day time frame provided in the Option Agreement to have the Baroyeca 4 Property become part of the property subject to the Option Agreement. Accordingly, it remains wholly-owned by the Company.

As at May 31, 2010, the Company had only completed preliminary surface geology including mapping and sampling over the Baroyeca 4 Property all at a cost of \$247,554. In the fall of 2009, the Company conducted a program of line-cutting and mapping to establish a grid over the property in preparation for carrying-out the programs of airborne and ground geophysics recommended as part of the Phase I work program in the Technical Report. Results of the sampling conducted on the Baroyeca 4 Property are set out under Section 10.0 Exploration of the Technical Report (available at www.sedar.com). The preliminary prospecting and sampling on the Baroyeca 4 Property were encouraging and, accordingly, the Technical Report recommended a Phase I program including trenching, sampling, prospecting, mapping and airborne and ground geophysics at an estimated cost of \$700,000 focused on the Baroyeca 4 Property. Based on results of the Phase I program, the Technical Report recommended a Phase II drilling program on the Baroyeca 4 Property at an estimated cost of \$500,000. This recommended work was carried out during the second half of 2011 fiscal year - see "Expenditures" below for further particulars.

In the six month period ended November 30, 2011 the Company wrapped-up the Phase I and Phase II programs undertaken in the winter and spring of 2011. The Company's independent consulting geologist, Linda Caron, M.Sc., P. Eng., provided a summary of the results of the work programs which the Company reported in its news release dated June 15, 2011 which is available for review under the Company's disclosure on SEDAR at www.sedar.com. The company's geologist also continued to review and obtain interpretations of the results received, including submitting a number of samples for re-assaying to assist in the interpretation. As a result of this analysis it was decided that the 2012 work program would commence with additional geophysical surveys with an expanded grid to increase the area of the Property surveyed to be followed by a drill program of in the order of 5,000 metres.

During the six months ended May 31, 2012, the Company incurred an additional \$893,841 in expenditures on its Mexican properties in preparing for and carrying out its 2012 work program. This program included geophysical programs of ground gravity and IP surveys to extend the area of the Property surveyed in the previous year, which was followed by a drilling program of combined reverse circulation and diamond that was targeted for 5,000 metres of drilling. The preparatory work was carried in January and February and the drilling commenced in early March. The Company completed in the order of ten drill holes, however, due to the difficult financial markets for junior venture companies, the Company was not able to raise all the funds it had planned in its private placement carried out during this period. Accordingly, the Company has not been able to receive all of the assay results from drill program and its consultants have not been able to analyze and interpret the results of the drilling program. Should the Company be able to raise sufficient funds, the assay results for the last part of the drill program will be acquired and the results compiled, analysed, modelled and interpreted by the Company's geological consultants. The results will be published on receiving a report from the geological consultant. Given the uncertain financial markets, there is no certainty as to when the Company may have the funds to carry this out.

Also due to the shortage of available funds, the Company is delinquent in the payment of property taxes due on the concessions in Mexico. Should the Company continue to be unable to pay the Mexican property taxes, the Company is at risk of having the concessions cancelled by the Mexican government.

Write-down of Book Values

Due to a shortage of funds, the Company has been unable to carry out any work programs on the Mexican Property over the past four years, has no formal plan to carry out work during the ensuing year, nor the funds with which to do so. In these circumstances, with the Optioned Property having been forfeited and no identified mineral resource on the Baroyeca 4 Property, at May 31, 2014, the Company wrote-off \$3,300,761 in exploration and evaluation costs that had been capitalized in the Company's financial statements with respect to the Mexican Property. During the year ended May 31, 2015, the Company wrote off further exploration and evaluation costs of \$2,175 to operations.

The Tombstone Properties

Pursuant to the terms of a purchase and sale and option agreement dated as of May 16, 2011, (the "Tombstone Option Agreement") entered into with Tombstone Development Company, of Tucson, Arizona, Dale Turner, its principal, and several affiliated companies (collectively, the "Vendor"), the Company, through its wholly-owned Arizona subsidiary, Tombstone Gold & Silver Inc, acquired a parcel of historic patented mining claims comprising in the order of 200 acres, and was granted options to acquire two additional parcels of claims contiguous to the group acquired comprising respectively an additional 135 and 150 acres. The three parcels contain the bulk of the historic patented claims on the hill just south of the town of Tombstone, Arizona. The price for the first parcel of claims was US\$250,000 in cash and the price for the two optioned parcels, also all cash, is US\$180,000 and US\$250,000 respectively. The Company and its subsidiaries had until September 17, 2011 to exercise the first option, which was exercised by Tombstone Gold & Silver Inc. ("TGSI") and Tombstone Resources Inc. ("TRI") with closing occurring on September 30, 2011. Accordingly, the Company and its subsidiaries had until November 29, 2011 to exercise the second option. On November 29, 2011, the Company and the Vendor amended the Tombstone Option Agreement to extend the exercise date for the second option to February 29, 2012. In consideration of this amendment, the Company paid US\$40,000 of the exercise price to the Vendor which the Company will forfeit if the second option is not exercised. By further amendments to the Tombstone Option Agreement agreed to with the Vendor, the closing date for the second option was extended to June 30, 2012 in consideration of which the Company paid the Vendor an additional US\$50,000 and agreed to issue the Vendor 100,000 shares in the capital of the Company at closing. The Company was unable to pay the remaining balance due of US\$160,000 by June 30, 2012 and has since received a notice of default pursuant to which the Company was to make the payment by October 19,

2012. Due to the very difficult market conditions for junior resource companies, at October 19, 2012, the Company was still without sufficient funds to complete the purchase and spoke with the Vendor who verbally agreed, due to the market conditions, to extend the deadline generally for the payment of the balance of the exercise price.

The first parcel of claims acquired by Tombstone Gold & Silver Inc. comprise, amongst others, the former Tombstone Contention Mine and the Grand Central Mine, previously operated principally as silver mines. The Company is exploring the potential for re-opening mining on these properties.

In addition to the patented claims that were acquired or optioned to be acquired, the Company staked approximately 900 acres of claims in several packages, some contiguous and some adjacent, to the purchased and optioned properties, increasing the Company's holdings on completing the two option purchases to approximately 1,400 acres. During the year ended May 31, 2016, due to a shortage of funds, certain of these staked claims were allowed to lapse, accordingly reducing the property so held.

In conjunction with the purchase of the group of claims, the Company agreed to purchase a number of pieces of equipment and an office facility located on the properties that had been used in operations carried out by the vendor for a total of US\$176,000 which has been fully paid.

The Company engaged an independent geological consultant to conduct a site visit to the property and to carry out a review of the geology and history of the property. Following the review, the consultant has recommended a two phase program of work to evaluate the potential of the property at an estimated cost of \$2,100,000.

Phase I would include detailed geological mapping of the property and in particular the Contention pit; representative rock chip sampling in the pit to improve the understanding of grade distribution and control; and a program of twinned reverse circulation ("RC") and core ("DD") drilling in three fences (at the north end, middle and south end of the Contention pit) with each fence being comprised of a fan of three holes each of RC and DD drill holes. This drilling will compare the merits of each method of drilling and test the mineralization along the Contention dyke trend below the existing pit floor. Phase I is estimated to cost \$600,000.

Based on the results of the Phase I program, Phase II is budgeted for \$1,500,000 to consist principally of drilling to better define the Contention pit area and provide information for a preliminary resource estimate, subject to Phase I identifying a resource in the pit area.

In addition to the mineral potential of the purchased claims, the property contains a quantity of stockpiled construction aggregate material created as a by-product of previous mining operations. The previous owner was able to negotiate sales of the construction aggregate from the property to purchasers such as Cochise County for road work and other uses. In the current economic circumstances, the Company does not anticipate having funds to undertake the recommended programs for the Tombstone Property but will be concentrating on extracting, and building the sales of, aggregate from the property as a source of cash flow for the Company.

In June 2013, the Company acquired a crushing machine to allow it to offer a broader range of aggregate products to the market. The Company was also successful in submitting a bid to Cochise County for the supply of aggregate for County projects. The crushing machine was acquired with the proceeds of a debt financing that the Company was able to arrange. The financing is secured against the assets of the Tombstone subsidiaries.

The former owners of the claims acquired had made an application to the Arizona Department of Environmental Quality ("ADEQ") for closure of the Tombstone Contention Mine on the properties based on their decision that, at that time, the best use of the property was real estate development. Tombstone Gold & Silver Inc. ("TGSI") has agreed with the vendor to carry out the requirements of the ADEQ with respect to that closure application, or otherwise resolve the matter. The Company has met with the ADEQ to discuss

the conditions on the property and to develop a process to satisfy the requirements of an Aquifer Protection Plan. Such discussions are ongoing.

Expenditures

Mexican Properties

Due to the shortage of working capital available to the Company for exploration programs in Mexico, during the year ended May 31, 2017 no work was carried out on the Mexican Properties.

Tombstone Properties

During the year ended May 31, 2013, the Company engaged a party to monitor the property and to negotiate and supervise, as needed from time to time, the sale and loading and weighing of aggregate from the property for use in roads and other construction projects. The Company received \$190,385 in sales of aggregate during that year, which was offset in the financial statements against the expenses incurred on the property.

In June 2013, the Company acquired a crushing plant for use in its aggregate operations in order to be able to provide a broader variety of product to the market. In the same month, the Company successfully bid to be accepted as a supplier of aggregate to Cochise County, Arizona. Unfortunately, the County activities were slower than anticipated during the year ended May 31, 2014 with sales amounting to a total of only \$214,124 during that year. Sales were a little stronger during the year ended May 31, 2015, amounting to a total of \$278,993, but were very soft in the year ended May 31, 2016, amounting to sales of only \$129,309. Aggregate sales for the year ended May 31, 2017 improved as compared to 2016, amounting to \$327,206 for the period. The sales of aggregate for the year ended May 31, 2017 have been offset in the financial statements as a recovery of expenses incurred on the property.

Details of the expenditures for the year ended May 31 2017 can be seen in Note 5 to the Company's audited consolidated financial statements for the year ended May 31, 2017.

SELECTED FINANCIAL DATA

The following table presents audited selected financial information for the years indicated and unaudited information for the stub periods indicated.

	Years Ended May 31		
	2017 \$	2016 \$	2015 \$
OPERATIONS:			
Revenue	Nil	Nil	Nil
Net Loss for the Period	303,822	318,604	302,592
Comprehensive Loss for the Period	294,017	334,425	327,396
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)
BALANCE SHEET:			
Working capital (deficit)	(2,167,068)	(1,976,375)	(1,607,928)
Total assets	1,346,723	1,363,408	1,289,510
Total exploration and evaluation assets	1,191,283	1,154,012	1,035,829

The financial information presented in the table above is from the Company's financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

General and Administrative

Discussion of Operating Results –year ended May 31, 2017

During the year ended May 31, 2017, the Company incurred a net loss of \$303,822 as compared to a net loss of \$318,604 for the year ended May 31, 2016. The decreased loss of \$14,782 in 2017 as compared with 2016 is primarily due to: a gain of \$18,911 realized on the sale of some equipment during 2017; a decrease of \$17,955 in office and miscellaneous expenses during 2017 reflecting one-time penalty charges levied by U.S. government authorities during 2016; a decrease of \$20,314 in professional fees during 2017 as a result of reduced legal and accounting expenses as compared to 2016; a reduction of \$19,591 in depreciation expense claimed in the 2017 period; a decrease of \$4,578 in travel and promotion due to reduced activity in the 2017 as compared to the 2016; and a decrease of \$3,784 in transfer agent and filing fees during 2017 as a result of less use of these services; as offset by: an increase of \$35,420 in the loss on foreign exchange from operations during the period due to reduced fluctuations in the exchange rate between the Canadian and U.S. dollars; an increase of \$9,103 in finance costs as a result of participation fees and interest costs to lenders on the equipment loan made to the Company; an increase of \$3,660 in insurance expense as result of coverage acquired with respect to the Company's operations; an increase of \$9,478 in interest and bank charges during the 2017 period; an increase of \$1,954 in utilities expenses in 2017; and a reduction of \$10,736 in expense recoveries in the period due to a one-time recovery realized in 2016, not repeated in the 2017 period.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended May 31, 2017.

	May 31 2017 \$	Feb. 28 2017 \$	Nov. 30 2016 \$	Aug. 31 2016 \$	May 31 2016 \$	Feb. 29 2016 \$	Nov. 30 2015 \$	Aug. 31 2015 \$
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	125,427	67,476	46,052	65,349	95,401	79,088	90,718	53,397
Basic and Diluted (Income)Loss/Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The financial information presented in the table above is from the Company's financial statements prepared in accordance with International Financial Reporting Standards.

Discussion of Operating Results- three months ended May 31, 2017

During the three months ended May 31, 2017, the Company incurred a net loss of \$125,427 as compared to a net loss of \$95,401 for the three months ended May 31, 2016. The increased loss of \$30,026 in 2017 as compared with 2016 is primarily due to: increases of \$10,601 in office and miscellaneous expense and \$13,665 in professional fees; an increase of \$11,306 in the loss on foreign exchange from operations during the period due to fluctuations in the exchange rate between the Canadian and U.S. dollars; an increase of \$7,616 in interest and bank charges due to an increase in borrowing during 2017; an increase of \$1,954 in utilities expenses and \$1,289 in insurance costs; as offset by: an increase of \$7,956 in transfer agent and filing fees in the period; a decrease of \$4,892 in depreciation expense resulting from reduced depreciation claimed on the equipment held by the Company; and a decrease of \$3,472 in travel and promotion expenses incurred in the period due to reduced activity; a decrease of \$233 in finance costs

as a result of participation fees and interest costs to lenders on the equipment loan made to the Company; and an increase of \$334 in the gain from the sale of equipment in the period.

Discussion of Operating Results- three months ended February 28, 2017

During the three months ended February 28, 2017, the Company incurred a net loss of \$67,476 as compared to a net loss of \$79,088 for the three months ended February 28, 2016. The decreased loss of \$11,612 in 2017 as compared with 2016 is primarily due to: a decrease of \$15,224 in professional fees as a result of reduced legal and audit fees in the period; a decrease of \$7,358 in depreciation expense resulting from reduced depreciation claimed on the equipment held by the Company; and a decrease of \$951 in travel and promotion expenses incurred in the period due to reduced activity; a decrease of \$154 in office and miscellaneous expenses in the current period; as offset by: a decrease of \$4,284 in the gain on foreign exchange from operations during the period due to reduced fluctuations in the exchange rate between the Canadian and U.S. dollars; an increase of \$5,731 in transfer agent and filing fees in the period; an increase of \$1,308 in finance costs as a result of participation fees and interest costs to lenders on the equipment loan made to the Company; an increase of \$213 in insurance expense as result of coverage acquired with respect to the Company's operations; and an increase of \$539 in bank charges incurred during the 2017 period.

Discussion of Operating Results- three months ended November 30, 2016

During the three months ended November 30, 2016, the Company incurred a net loss of \$46,052 as compared to a net loss of \$90,718 for the three months ended November 30, 2015. The decreased loss of \$44,666 in 2016 as compared with 2015 is primarily due to: a gain of \$18,577 realized on the sale of some equipment during the period; a decrease of \$27,895 in office and miscellaneous expenses in the current period reflecting one-time penalty charges levied by U.S. government authorities during the 2015 period; a decrease of \$10,314 in professional fees as a result of reduced legal and audit fees in the period; a decrease of \$7,606 in depreciation expense resulting from reduced depreciation claimed on the equipment held by the Company; and a decrease of \$990 in transfer agent and filing fees incurred in the period; as offset by: a reduction of \$10,736 in expense recoveries in the 2016 period due to a one-time recovery realized in 2015, not repeated in the 2016 period; a decrease of \$3,703 in the gain on foreign exchange from operations during the period due to reduced fluctuations in the exchange rate between the Canadian and U.S. dollars; an increase of \$2,893 in finance costs as a result of participation fees and interest costs to lenders on the equipment loan made to the Company; an increase of \$1,732 in insurance expense as result of coverage acquired with respect to the Company's operations; and an increase of \$1,309 in bank charges incurred during the 2016 period.

Discussion of Operating Results- three months ended August 31, 2016

During the three months ended August 31, 2016, the Company incurred a net loss of \$65,349 as compared to a net loss of \$53,397 for the three months ended August 31, 2015. The increased loss of \$11,952 in 2016 as compared with 2015 is primarily due to: a decrease of \$16,127 in the gain on foreign exchange from operations during the period due to reduced fluctuations in the exchange rate between the Canadian and U.S. dollars; an increase of \$5,135 in finance costs as a result of participation fees and interest costs to lenders on the equipment loan made to the Company; an increase of \$265 in depreciation expense resulting from the depreciation claimed on the equipment held by the Company; and an increase of \$426 in insurance expense as result of coverage acquired with respect to the Company's operations; as offset by: a decrease of \$8,441 in professional fees as a result of reduced legal and audit fees in the period; a decrease of \$569 in transfer agent and filing fees in the period; a decrease of \$498 in travel and promotion costs in the period.

Investor Relations

No investor relations activities were undertaken by or on behalf of the Company during the period and no investor relations arrangements or contracts were entered into by the Company during the period.

Liquidity and Capital Resources

The Company has minor ongoing operating revenues from its aggregate operations on its Tombstone Property (reflected in the financial statements as an offset to expenditures on exploration and evaluation assets in Note 5 to the statements) and finances its operations principally through the sale of shares in its capital and more recently through loans secured against its equipment and other assets. In the short-term, directors of the Company have, in the past, provided cash advances to meet urgent operating needs. At June 1, 2016, the Company had a working capital deficit of \$1,976,375.

During the year ended May 31, 2017, the Company expended: \$137,867 in working capital on its operating activities, realized a total of \$327,206 from the sales of aggregate from its property which netted to \$89,513 after reducing it for exploration and evaluation expenditures, received an advance of \$25,000 towards a subscription for shares and realized net proceeds of \$68,001 from the sale of equipment during the period.

As a result of the foregoing activities, amongst other things, at May 31, 2017, the Company had a working capital deficit of \$2,167,068.

The Company has an option payment due with respect to the Tombstone Properties of US\$160,000 which will complete the purchase of the third parcel of claims under the Tombstone Option Agreement discussed under the heading Tombstone Properties above. This payment is optional, however, if not paid, the Company would forfeit US\$90,000 paid toward the purchase price. Although the Vendor gave notice of default requiring the exercise of the second option to be completed by October 19, 2012, the Company had insufficient funds at that date to complete the payment as the difficult market conditions precluded the Company from carrying out an equity financing. In consideration of the difficult market conditions facing the Company, the Vendor has verbally extended the deadline generally.

The Company estimates that with contraction of its activities that have occurred due to the current shortage of operating funds, operating expenses for the ensuing the fiscal year will be in the order of \$250,000 before charges for depreciation.

The Company will require funds to satisfy its working capital deficit, make payments to the regulatory authorities with respect to assessments levied on its operations and make the payment on the third parcel of claims at the Tombstone Property.

On August 18, 2017, the Company announced that it planned to carry out a private placement of \$75,000 of its securities consisting of 7,500,000 of its common shares at a price of \$0.01 per share. Any funds raised would be used for working capital for the Company. The private placement previously announced on April 7, 2017 of \$250,000 worth of securities of the Company at \$0.01 per share has been terminated.

There can be no assurance that the Company will be able to sell any or sufficient securities by way of private placement to raise the required working capital.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company had the following related party transactions during the year ended May 31, 2017:

- a) Management fees of \$60,000 were accrued to Mercap Investments Inc., a private company owned 50% by Richard Wilson, President, CEO and a director of the Company;
- b) Professional fees of \$12,529 were accrued to a law firm of which Douglas Eacrett, a director of the Company, is principal;
- c) \$200,281 of the loan payable of \$367,191 (US\$271,993) was made to the Company through a partnership of individuals including William Carr, a director of the Company, who is also the manager of the partnership. \$48,371 of the finance costs incurred during the period (2016 - \$34,399) were incurred with respect to the portion of the loan advanced by the partnership. Refer to Notes 12 and 13 of the audited consolidated financial statements for the year ended May 31, 2017 for further particulars; and
- d) A company controlled by William Carr, a director of the Company advanced \$14,965 (2016 – \$67,644) to the Company in the form of a line of credit which has been used for exploration and evaluation assets. The outstanding balance bears interest at 18% per annum and is repayable on demand.

Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, due to related parties, loan payable and advance payable. The fair value of the Company's accounts payable and accrued liabilities, due to related parties, line of credit and loan payable, are estimated by management to approximate their carrying values based on the immediate or short-term maturity of these instruments. Cash is recorded at fair value using Level 1 quoted prices in active markets for identical assets or liabilities and, in management's opinion, the Company is not exposed to significant interest or credit risk from these financial instruments. Please refer to Note 9 of the consolidated financial statements for detailed discussion of the financial risk factors.

Future Accounting Pronouncements

The following new standards, amendments to standards and interpretations have been issued but as at May 31, 2017 have not yet been adopted by the Company:

- IFRS 9 New standard that replaces IAS 39 for classification and measurement of financial instruments. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018,

New standard that establish principles for reporting the nature, amount, timing,

- IFRS 15 and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 On January 13, 2016 the IASB issued IFRS 16, *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by the lessor. The extent of the impact of the adoption of the standard has not yet been determined by the Company.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

Particulars of Outstanding Securities of the Issuer

As at the dates noted below, the Company had the following securities outstanding:

Common Shares

Date	Number Outstanding
May 31, 2017	46,169,938
September 28, 2017	46,169,938

Share Purchase Warrants

The Company had no share purchase warrants outstanding as of May 31, 2017 or September 28, 2017, the date of this Management Discussion.

Incentive Stock Options

The following Incentive Stock Options, each entitling the holder to acquire one previously unissued common share of the Company at the prices and for the periods of time set out in the table below are outstanding at May 31, 2017 and September 28, 2017:

Number of Options Outstanding	Exercise Price	Expiry Date
At May 31, 2017:		
Nil		
At September 28, 2017:		
Nil		