



**HONEY BADGER EXPLORATION INC.**  
145 Wellington Street West, Suite 1001  
Toronto, ON, M5J 1H8

**Management's Discussion and Analysis  
For the Nine-Month Period Ended September 30, 2017**

**(Expressed in Canadian Dollars)**

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") of Honey Badger Exploration Inc. (the "Company" or "Honey Badger") is intended to enable readers to view the company's performance, financial condition and future prospects through management's eyes and to provide material information to readers that may not be fully reflected in the financial statements.

This MD&A is intended to supplement and should be read in conjunction with the Consolidated Financial Statements and the notes thereto for the year ended December 31, 2016. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information relating to the Company including the financial statements are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.honeybadgerexp.com](http://www.honeybadgerexp.com).

This MD&A is dated and the information contained herein is presented as at November 29, 2017.

## **CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS**

Forward-looking information is broadly defined as disclosures regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection.

This MD&A contains forward looking statements, including statements relating to going concern and capital raising and capital requirements, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. Factors that could cause such differences include: changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations as well as numerous other risk factors. See the *Risks and Uncertainties* section of this MD&A for additional disclosures.

Readers are cautioned not to place undue reliance on forward looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

## **QUALIFIED PERSON**

Quentin Yarie, P.Geol, the Company's President and Chief Executive Officer is the Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information disclosed in this MD&A.

## **CORE BUSINESS AND OBJECTIVES**

Honey Badger is a publicly-listed corporation (TSXV: TUF) incorporated under the laws of Ontario and is involved primarily in the identification, acquisition and advancement of mineral exploration properties with a particular focus on precious and polymetallic mineral exploration projects located in Canada.

The long-term business objectives of the Company are to:

1. acquire mineral properties it considers prospective to strengthen its portfolio of properties,
2. advance the geological knowledge of its mineral properties through successive exploration programs, and
3. if deemed advantageous, dispose of its mineral properties

The Company completed the acquisition in August 2017 of a 100% interest in a block of three Barite Gold-Zinc Properties, which are situated in southeastern Quebec. The Company has also begun acquiring claims for a new property situated in northern Ontario. The Company continues to hold a 100% interest in the LG property and the Wemindji property, both of which are situated in the James Bay region of Quebec and are prospective for diamonds.

Honey Badger's mineral properties are currently in the exploration stage and the Company does not operate any mines.

Honey Badger's continued operations are dependent upon the ability of the Company to obtain financing for the continued exploration of its mineral properties. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable.

The value of an exploration property is highly dependent upon the discovery of economically recoverable mineralization, the long-term preservation of the Company's ownership interest in the underlying mineral property, the ability of the Company to obtain the necessary funding to complete sufficient exploration activities on the property, and the prospects of any future profitable production therefrom, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis.

Risk factors that must be considered in achieving the Company's business objectives include the risk that exploration activities may not result in the discovery of minerals or definition of any mineral resources or reserves, that significant expenses could be required to define mineral reserves, that environmental, land title and competitive issues may prevent the development of any mineral reserves, and that the Company may fail to generate adequate funding to development mineral reserves.

The Company accepts the risks which are inherent to mineral exploration programs and the exposure to the cyclical nature of mineral prices. The Company relies on the geological and industry expertise of its Toronto-based management team and engages sub-contractors to complete certain aspects of its exploration programs.

As of September 30, 2017, the Company had no employees in addition to the President & Chief Executive Officer and the Chief Financial Officer. Certain professional, administrative and geological services are provided to the Company by independent contractors, including corporations and/or individuals who may be officers or directors of Honey Badger. No assurance can be given that qualified employees and consultants can be retained by Honey Badger as necessary to advance its projects.

See the *Risks and Uncertainties* section of this MD&A for additional risk disclosures.

## **CORPORATE HIGHLIGHTS**

- On June 26, 2017, the Company announced it had entered into an agreement to acquire three (3) properties located in southeastern Québec (the “Barite-Zinc Properties”) by issuing 8,000,000 common shares (post consolidation) and grant a 2% net sales returns (“NSR”) royalty to the property vendor, 9019-5504 Quebec Inc. The vendor is an arm’s length party to the Company. The entire 2% NSR may be bought back for \$1,000,000.
- On July 10, 2017, the Company completed a 5:1 consolidation of its issued and outstanding common shares and issued and outstanding common share purchase warrants. As a result of the consolidation, the Company currently has 20,957,770 common shares outstanding and 3,804,960 common share purchase warrants outstanding. The Condensed Interim Consolidated Financial Statements have not been adjusted to give effect to the consolidation.
- On August 9, 2017, the Company completed the acquisition of barite-zinc properties situated in Quebec by issuing 8,000,000 post-consolidation common shares and granting a 2% net sales returns royalty to 9019-5504 Quebec Inc. The entire 2% NSR may be bought back for \$1,000,000.
- On August 23, 2017, the Company completed a non-brokered private placement for gross proceeds of \$385,688. Pursuant to the Financing, the Company issued 2,650,000 flow-through units (“FT Units”) priced at \$0.06 per FT Unit for aggregate proceeds of \$159,000 and 4,030,000 non-flow-through units (“Non-FT Units”) priced at \$0.05625 per Non-FT Unit for aggregate proceeds of \$226,688. Each FT Unit consists of one common share of the Company issued on a “flow-through” basis within the meaning of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each full warrant, a “FT Warrant”), with each FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.10 for a period of 36 months following the closing date of the Financing. Each Non-FT Unit consists of one common share of the Company and one common share purchase warrant (each, a “Non-FT Warrant”) with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. In connection with the Financing, Honey Badger paid finders fees in the form of cash compensation of \$30,855 and issued 534,400 non-transferable compensation units, with each compensation units consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing.

## **SUBSEQUENT EVENTS**

- On October 10, 2017, the Company granted a total of 2,500,000 stock options of which 2,150,000 stock options were granted to directors and officers. Each stock option is exercisable into common shares at a price of \$0.06 per stock option expiring on October 10, 2020.
- On November 2, 2017, the Company completed a non-brokered private placement for gross proceeds of \$285,942. Pursuant to the Financing, the Company issued 2,433,333 flow-through units (“FT Units”) priced at \$0.06 per FT Unit for aggregate proceeds of \$146,000 and 2,487,858 non-flow-through units (“Non-FT Units”) priced at \$0.05625 per Non-FT Unit for aggregate proceeds of \$139,942. Each FT Unit consists of one common share of the Company issued on a “flow-through” basis within the meaning of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each full warrant, a “FT Warrant”), with each FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.10 for a period of 36 months following the closing date of the Financing. Each Non-FT Unit consists of one common share of the Company and one common share purchase warrant (each, a “Non-FT Warrant”) with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. In connection with the Financing, Honey Badger paid finders fees in the form of cash compensation of \$6,435 and issued 108,000 non-transferable compensation units, with each compensation units consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-

through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing.

- On November 15, 2017, the Company granted a total of 315,000 stock options to a consultant exercisable into common shares at a price of \$0.065 per stock option expiring on November 15, 2020.
- On November 16, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain of its obligations totalling \$165,061 through the issuance of 2,934,421 Common Shares at a deemed price of \$0.05625 per Common Share.

## **FUTURE OUTLOOK**

Honey Badger has determined that although it continues to believe the LG and Wemindji properties are prospective for diamonds, due to a difficult financing environment for diamond projects the Company should reposition itself to focus on precious and polymetallic metals. As such, the Company will no longer be focusing on the LG and Wemindji properties and will be seeking to sell these properties and may allow certain claims to lapse if no buyers can be identified.

As part of the repositioning, the Company completed on August 9, 2017 the acquisition of a block of three Barite Gold-Zinc Properties: (1) the Upton Property, (2) the Saint-Fabien Property, and (3) the Kamouraska Property. Collectively these properties span 642.0 hectares and are ideally located in southeastern Quebec near the US border close to roads, power lines, and infrastructure. The Company has also identified other prospective properties and may complete further acquisitions and staking.

Barite is a mineral composed of barium sulfate (BaSO<sub>4</sub>). Barite's high specific gravity makes it suitable for a wide range of industrial, medical, and manufacturing uses. It is estimated that 80% of global barite production is used for drilling in the oil and gas industry. The global barite market is experiencing rapid growth with growth of the oil and gas sector expected to continue to drive barite demand.

The Company anticipates it will complete exploration expenditures prior to the end of the year with a budget of up to \$250,000. In order to fund the 2017 exploration budget, the Company completed a private placement financing on August 23, 2017 for gross proceeds of \$385,687 and complete another private placement financing on November 2, 2017 for gross proceeds of \$285,942.

## **EXPLORATION AND EVALUATION ACTIVITIES**

The Company holds a 100% interest in the LG property and the Wemindji property, both of which are situated in the James Bay region of Quebec and are prospective for diamonds. The Company also completed the acquisition of a 100% interest in three new Barite Gold-Zinc properties, all of which are situated in southeastern Quebec and are prospective for barite and zinc. Prior to this acquisition, the Company's exploration activities focused on the LG property.

### *New Mineral Properties*

#### **Barite Gold-Zinc Properties**

The Company completed in August 2017 the acquisition of three polymetallic properties: (1) the Upton Property, (2) the Saint-Fabien Property, and (3) the Kamouraska Property. Collectively these properties span 642.0 hectares and are ideally located near the US border close to roads, power lines, and infrastructure. The company issued 8,000,000 common shares (post-consolidation) and granted a 2% net sales returns ("NSR") royalty to 9019-5504 Quebec Inc., the arm's length vendor of the property. The entire 2% NSR may be bought back for \$1,000,000.

#### **Upton Property - Robex Polymetallic Deposit**

The Upton property hosts the Robex deposit, which is a polymetallic zinc deposit estimated to contain a historic resource estimate of 1 Mt @ 1.9% Zn, 0.6% Pb, 0.15% Cu, 13.5 g/t Ag and 46.5% BaSO<sub>4</sub>. This historical resource estimate was deemed reliable in a NI 43-101 Technical Report published in 2013 (Charbonneau, R., 2013, Technical report on the Upton property, In accordance with National Instrument 43-101, Upton and Acton Township, Quebec, Canada, 56p. (GM 68021)).

The Company believes the property is prospective since the Robex deposit appears to remain open along strike and at depth.

The reader is cautioned that no qualified person has done enough work to classify these historical estimates as current mineral resources or mineral reserves and the Company is not treating the historical estimates as current mineral resources or mineral reserves. As most of the historic core and drill logs used to estimate the historic resources of the Robex Deposit are presumed to be lost, the deposit needs to be entirely re-drilled and a new resource estimated to confirm the historic estimates.

#### **Saint-Fabien Property - Nicholas-Rioux #3 Showing**

The Saint-Fabien property is located 4 km from the Roy-Ross Mine and has historic resource estimate published in 1962 of 130 Kt @ 42.5% BaSO<sub>4</sub> (Juteau, L., 1962, Rapport concernant un groupe de claims miniers situés dans la Seigneurie Nicolas Rioux Paroisse St-Fabien, Comté de Rimouski, Province de Québec- Propriété de Les Mines Roy Ross Inc., Rimouski, Québec : Laurier Juteau Ingénieur Conseil, 29 p. (GM 12740)).

The reader is cautioned that no qualified person has done enough work to classify these historical estimates as current mineral resources or mineral reserves and the Company is not treating the historical estimates as current mineral resources or mineral reserves. As most of the historic core and drill logs used to estimate the historic resources of the Mine Roy-Ross are presumed to be lost, the deposit needs to be entirely re-drilled and a new resource estimated to confirm the historic estimates.

#### **Kamouraska Property -Woodbridge Deposit**

The Kamouraska property hosts the Woodbridge deposit which has been the focus of exploration efforts since the 1950's. Work done in 1953, traced the main barite zone of the deposit over a length of 200 feet, a maximum width of 4 feet, and a depth of at least 25 feet (Bourret, P.E., 1953, Prospect de Barytine Lot 34 – Rang VI Canton de Woodbridge: Quebec Department of Mines, 3 p. (GM 02179)). The same study returned grades of 98.2% BaSO<sub>4</sub>.

In 1988, metallurgical testing, conducted D. Cotnoir at the Centre de Recherches Minérales in Quebec City, returned grades of 93.5% barite and determined that, without treatment, the barite at Woodbridge met the specifications for the Oil and Gas industry (Cotnoir, D., 1988, Caractérisation d'échantillons de barytine: Report prepared by Centre de Recherches Minérales, Quebec City, Qc, 29p. (GM 49632)).

Furthermore, with flotation and gravimetric separation, it met specifications for the glass and paint industry (Pronovost, J.-M., 1989, Géologie et actualisation du potentiel économique de l'indice de barytine du Canton de Woodbridge : Report submitted to Florent Bédard, p.11 (GM 49632)).

The reader is cautioned that no qualified person has done enough work to classify these historical estimates as current mineral resources or mineral reserves and the Company is not treating the historical estimates as current mineral resources or mineral reserves.



Figure 1: Location of the Barite-Zinc Properties, Quebec

Other Mineral Properties

LG Diamond Property, Quebec

On September 29, 2015, the Company entered into an agreement with 9019-5504 Quebec Inc. (the "Vendor") to acquire the LG Diamond Project located in the Jamesie County Municipality, James Bay Region of Quebec. As consideration, the Company issued 10,000,000 common shares at a value of \$0.01 each and granted a 2% net smelter returns ("NSR") royalty to the Vendor. One half, or 1% of the NSR can be bought back for \$1,000,000 and the remaining 1% for \$2,000,000. The purchase transaction closed on October 23, 2015.

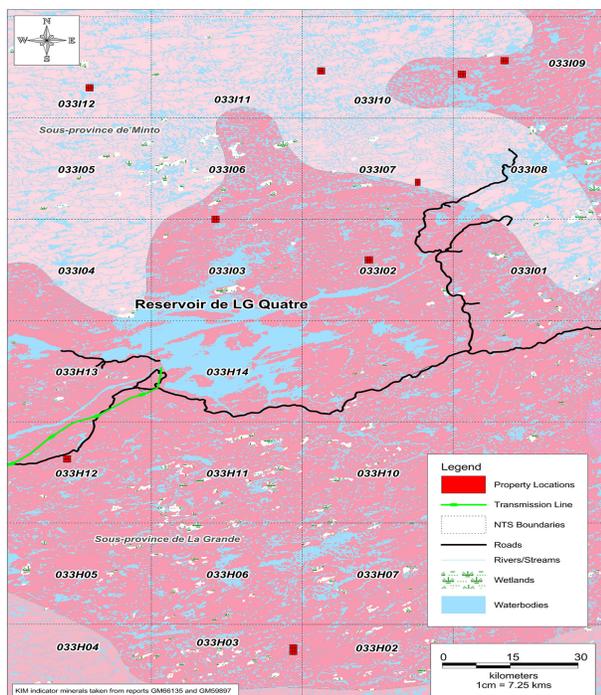


Figure 2: Location of the LG Diamond Claims, Quebec

Previous work in the region has identified indicator minerals prospective to kimberlite exploration in the vicinity of the claim blocks.

On November 15, 2016, the Company announced results from the magnetic geophysical survey on its LG diamond project. Modelling of the aeromagnetic data confirmed that the 9 previously identified magnetic anomalies on the property have the potential to be kimberlites. The airborne survey improved the spatial resolution of the circular anomalies to pinpoint targets for diamond drilling. Results show that the anomalies have an elongated to circular shape and extend to over one kilometre in depth. Two anomalies are "twinned" and fieldwork confirmed that most of the anomalies are in topographic depressions. Overall, these attributes correspond to those of known kimberlite targets. Prospecting samples demonstrated a number Cr, Co, Ni and Mg anomalies commonly associated with first order transitional element anomalies (Mg, Ni, Cr, Co, V, Mn, Fe), which are commonly associated with kimberlite-type anomalies, and includes the KB-7 target, which is anomalous to strongly anomalous with respect to Ni, Cr, Co (1.45 % nickel, 122 ppm cobalt and 3690 ppm chromium).

### Wemindji Property

On May 26, 2016, the Company entered into an agreement to acquire the Wemindji Property, which consists of 29 claims located south-east of Wemindji, in the James Bay region of Québec. The acquisition costs consisted of the payment of \$10,000 cash and the issuance of 4,000,000 common shares of the Company with a fair value of \$120,000. The Company is also required to grant of a 2% net smelter return (“NSR”) royalty to the property vendors. The 2% NSR may be bought back from the vendors for \$2,000,000. The vendors were at arm's length to the Company. The cash payments were completed in August 2016. On September 16, 2016, the Company issued the 4,000,000 common shares owed to the property vendors.

The company has taken the strategic approach to let 16 of the non-core claims to lapse on the Wemindji Properties, leaving the company with 2 properties consisting of 13 claims blocks. Although the Company believes the entire property package was prospective for diamonds, these claims were allowed to lapse due to a difficult environment for financing diamond projects.

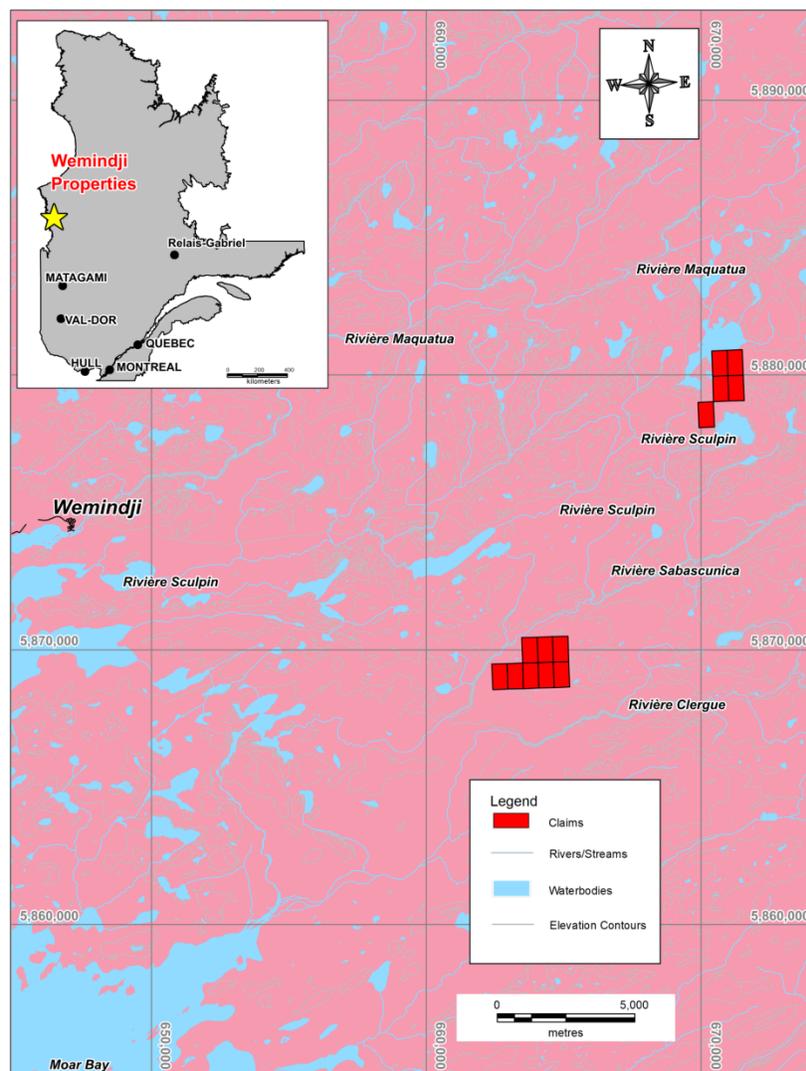


Figure 3 - Location of the Wemindji Claims, Quebec

**RESULTS OF OPERATIONS**

The following are the results of operations and a comparison of the three-month and nine-month periods ended September 30, 2017 and 2016.

	<b>Three-Month Period Ended</b>		<b>Nine-Month Period Ended</b>	
	<b>September</b>	<b>September</b>	<b>September</b>	<b>September</b>
	<b>30, 2017</b>	<b>30, 2016</b>	<b>30, 2017</b>	<b>30, 2016</b>
<b>Expenses</b>				
Exploration expenditures	\$ 587,563	\$ 129,850	\$ 591,963	\$ 259,021
Payroll and professional fees	45,239	45,028	101,919	151,174
General and administrative	25,493	21,061	45,706	187,012
Provision	-	328,293	-	328,293
Recovery from related party	-	-	(85,000)	-
Deferred Premium	(7,352)	-	(7,352)	-
Interest expense (income)	42	(116)	(293)	152
Loss on foreign exchange	-	-	135	-
Realized loss (gain) from marketable securities	-	-	-	8,135
<b>Loss for the Period</b>	<b>(650,985)</b>	<b>(524,116)</b>	<b>(647,078)</b>	<b>(933,787)</b>
Changes in fair value of marketable securities	-	-	-	5,474
<b>Loss and Comprehensive Loss for the Period</b>	<b>(650,985)</b>	<b>(524,116)</b>	<b>(647,078)</b>	<b>(928,313)</b>
Gain (Loss) per share – basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.05)
Weighted average shares outstanding	28,311,548	20,282,214	22,796,214	18,725,316

*Results for the nine-month period ended September 30, 2017:*

- Exploration expenditures increased to \$591,963 (2016: \$259,021) primarily due to the \$560,000 in acquisition costs related to the Barite Gold-Zinc Properties. Non-acquisition exploration costs decreased due to a lack of funding as compared to the previous year.
- Payroll and professional fees decreased to \$101,919 (2016: \$151,174) as a result of decreased compensation, severance and legal cost as compared to the previous year.
- General and administrative costs decreased to \$45,706 (2016: \$187,012) as a result of decreased investor relation activities. Following negotiations, the company recovered \$85,000 from a company related by common management for investor relation activities incurred in 2016 that were subsequently deemed to be mainly beneficial to the related party company.
- Deferred Premium gain increased to \$7,352 (2016: \$nil) as the Company incurred exploration costs and recognized a proportional gain on the deferred premium liability related to flow-through share subscriptions in 2016.

**RESULTS OF OPERATIONS (CONTINUED)**

- Loss and Comprehensive Loss for the period of \$647,078 (2016: loss of \$928,313).

*Results for the three-month period ended September 30, 2017:*

- Exploration expenditures increased to \$587,563 (2016: \$129,850) primarily due to the \$560,000 in acquisition costs related to the Barite Gold-Zinc Properties. Non-acquisition exploration costs decreased due to a lack of funding as compared to the previous year.
- Payroll and professional fees decreased to \$45,239 (2016: \$45,028) as a result of decreased compensation, severance and legal cost as compared to the previous year.
- General and administrative costs decreased to \$25,493 (2016: \$21,061) as a result of decreased investor relation activities.
- Deferred Premium gain increased to \$7,352 (2016: \$nil) as the Company incurred exploration costs and recognized a proportional gain on the deferred premium liability related to flow-through share subscriptions in 2016.
- Loss and Comprehensive Loss for the period of \$650,985 (2016: loss of \$524,116).

**SUMMARY OF QUARTERLY RESULTS**

	<b>Quarter Ended</b>			
	<b>September 30, 2017</b>	<b>June 30, 2017</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues	-	-	-	
Exploration expenditures	587,563	3,699	701	86,723
Gain (loss) and	650,985	524,116	(26,537)	14,206
Comprehensive gain (loss) for the quarter				
Basic and diluted loss per share	(0.02)	(0.02)	(0.00)	(0.00)
Working capital surplus (deficit)	(461,528)	(699,658)	(730,100)	(703,563)

	<b>Quarter Ended</b>			
	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenues			-	-
Exploration expenditures	129,850	98,113	31,058	177,040
Gain (loss) and	(524,116)	(271,243)	(132,954)	(468,463)
Comprehensive gain (loss) for the quarter				
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	(0.03)
Working capital surplus (deficit)	(693,208)	(289,093)	(273,606)	(140,652)

**Honey Badger Exploration Inc.**  
**MD&A for the Nine-Month Period Ended September 30, 2017**

**EXPLORATION AND EVALUATION EXPENDITURES**

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its mineral properties:

	<b>Barite Gold- Zinc Property \$</b>	<b>LG and Wemindji Properties \$</b>	<b>Other Properties \$</b>	<b>All Exploration Properties \$</b>
<b>Balance – December 31, 2015</b>	-	<b>162,349</b>	<b>2,412,329</b>	<b>2,574,678</b>
Property Acquisition Costs	-	10,000	-	10,000
Exploration Expenditures	-	128,396	85	128,481
<b>Balance – September 30, 2016</b>	-	<b>300,745</b>	<b>2,412,414</b>	<b>2,713,159</b>
Property Acquisition Costs	-	120,000	-	120,000
Exploration Expenditures	-	86,723	540	87,263
<b>Balance – December 31, 2016</b>	-	<b>507,468</b>	<b>2,412,954</b>	<b>2,920,422</b>
Property Acquisition Costs	560,00	-	6,642	566,642
Exploration Expenditures	248	3,567	21,506	25,321
<b>Balance – September 30, 2017</b>	<b>560,248</b>	<b>511,035</b>	<b>2,441,102</b>	<b>3,512,385</b>

During the nine-month period ended September 30, 2017:

- a) The Company incurred exploration and evaluation expenditures of \$248 and acquisition costs of \$560,000 on the Barite Gold-Zinc Property (2016: \$nil and \$nil).
- b) The Company incurred exploration and evaluation expenditures of \$3,567 and acquisition costs of \$nil on the on the LG Diamond and Wemindji Properties (2016: \$128,396 and \$10,000).
- c) The Company incurred exploration and evaluation expenditures of \$21,506 and acquisition costs of \$6,642 on other properties (2016: \$nil and \$nil).

## **RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties as defined by IAS 24 Related Party Disclosures include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company.

Key management personnel for the Company consists of the CEO, CFO and VP Exploration.

The following transactions occurred with related parties during the nine-month period ended September 30, 2017:

- a) Key management personnel received the following compensation
  - a. Cash compensation of \$nil (2016: \$27,181), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss.
  - b. Professional fees of \$42,158 (2016: \$36,675), which was paid to a corporation controlled by the CFO for professional services including accounting, corporate secretarial and transaction support services, which has been recorded in payroll and professional fees on the Statement of Loss and Comprehensive Loss.
- b) The Company recovered \$85,000 (2016: \$nil) from a corporation under common management control relating to common investor relation expenses.

As of September 30, 2017, the outstanding related party balances were as follows:

- a) A corporation under common management control owed \$nil (December 31, 2016: \$18,650) to the Company for joint severance expenditures, which is included in amounts receivable.
- b) The Company owed \$nil to a corporation under common management control (December 31, 2016: \$11,801), which is included in accounts payable and accrued liabilities.

## **OFF BALANCE SHEET TRANSACTIONS**

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

## **DIVIDENDS**

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

## **SHARE CAPITAL**

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value.

On July 10, 2017, the Company completed a 5:1 consolidation of its issued and outstanding common shares and issued and outstanding common share purchase warrants. The Condensed Interim Consolidated Financial Statements have been adjusted to give effect to the consolidation.

As at September 30, 2017, the Company had 35,637,770 issued and outstanding common shares (December 31, 2016: 20,957,770). All issued and outstanding common shares are fully paid.

The following shares were issued during the nine-month period ended September 30, 2017:

- On August 9, 2017, the Company completed the acquisition of barite-zinc properties situated in Quebec by issuing 8,000,000 post-consolidation common shares and granting a 2% net sales returns royalty to 9019-5504 Quebec Inc. The entire 2% NSR may be bought back for \$1,000,000.
- On August 23, 2017, the Company completed a non-brokered private placement for gross proceeds of \$385,688. Pursuant to the Financing, the Company issued 2,650,000 flow-through units (“FT Units”) priced at \$0.06 per FT Unit for aggregate proceeds of \$159,000 and 4,030,000 non-flow-through units (“Non-FT Units”) priced at \$0.05625 per Non-FT Unit for aggregate proceeds of \$226,687. Each FT Unit consists of one common share of the Company issued on a “flow-through” basis within the meaning of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each full warrant, a “FT Warrant”), with each FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.10 for a period of 36 months following the closing date of the Financing. Each Non-FT Unit consists of one common share of the Company and one common share purchase warrant (each, a “Non-FT Warrant”) with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. In connection with the Financing, Honey Badger paid finders fees in the form of cash compensation of \$30,855 and issued 534,400 non-transferable compensation units, with each compensation units consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing.

### *Subsequent Events*

- On November 2, 2017, the Company announced the completion of a non-brokered private placement for gross proceeds of \$285,942. Pursuant to the Financing, the Company issued 2,433,333 flow-through units (“FT Units”) priced at \$0.06 per FT Unit for aggregate proceeds of \$146,000 and 2,487,858 non-flow-through units (“Non-FT Units”) priced at \$0.05625 per Non-FT Unit for aggregate proceeds of \$139,942. Each FT Unit consists of one common share of the Company issued on a “flow-through” basis within the meaning of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each full warrant, a “FT Warrant”), with each FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.10 for a period of 36 months following the closing date of the Financing. Each Non-FT Unit consists of one common share of the Company and one common share purchase warrant (each, a “Non-FT Warrant”) with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. In connection with the Financing, Honey Badger paid finders fees in the form of cash compensation of \$6,435 and issued 108,000 non-transferable compensation units, with each compensation units consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing.
- On November 16, 2017, the Company completed a shares-for-debt transaction whereby the Company agreed to settle certain of its obligations totalling \$165,061 through the issuance of 2,934,421 Common Shares at a deemed price of \$0.05625 per Common Share.

## **STOCK OPTIONS**

The Company has a stock option plan (the “Plan”) under which the Board of Directors of the Company may grant stock options to eligible participants including directors and officers of the Company.

The exercise price of the options cannot be less than the closing price of the Company’s shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Board, in accordance with applicable Exchange or other regulatory requirements, if any, will determine the vesting period. There is no minimum vesting period unless the optionee is engaged in Investor Relation Activities. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

As of September 30, 2017, there were nil stock options outstanding (December 31, 2016: nil).

### *Subsequent Events*

- On October 10, 2017, the Company granted a total of 2,150,000 stock options exercisable into common shares at a price of \$0.06 per stock option expiring on October 10, 2020.

**Honey Badger Exploration Inc.**  
**MD&A for the Nine-Month Period Ended September 30, 2017**

**WARRANTS**

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration, cancellation or exercise.

On July 10, 2017, the Company completed a 5:1 consolidation of its issued and outstanding common shares and issued and outstanding common share purchase warrants. The Condensed Interim Consolidated Financial Statements have been adjusted to give effect to the consolidation.

The following is a continuity schedule for the warrants outstanding from December 31, 2016 to September 30, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Outstanding And Exercisable December 31, 2016</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired or Cancelled</b>	<b>Outstanding And Exercisable September 30, 2017</b>	<b>Ending Fair Value</b>
December 24, 2018	\$ 0.275	472,000	-	-	-	472,000	\$ 64,433
April 26, 2019	\$ 0.350	455,000	-	-	-	455,000	\$ 61,392
April 26, 2019	\$ 0.250	686,667	-	-	-	686,667	\$ 94,147
April 26, 2019	\$ 0.500	91,333	-	-	-	91,333	\$ 12,086
May 12, 2019	\$ 0.350	750,000	-	-	-	750,000	\$ 101,195
May 12, 2019	\$ 0.500	60,000	-	-	-	60,000	\$ 7,940
December 12, 2019	\$ 0.250	1,289,960	-	-	-	1,289,960	\$ 76,600
August 23, 2020	\$ 0.056	-	534,400	-	-	534,400	\$ 29,513
August 23, 2020	\$ 0.075	-	4,030,000	-	-	4,030,000	\$ 111,545
August 23, 2020	\$ 0.100	-	1,325,000	-	-	1,325,000	\$ 49,141
<b>Total</b>	<b>\$ 0.06</b>	<b>3,804,960</b>	<b>5,889,400</b>	<b>-</b>	<b>-</b>	<b>9,694,360</b>	<b>\$ 607,992</b>

The following warrants were issued during the nine-month period ended September 30, 2017:

- On August 23, 2017, the Company issued 1,325,000 warrants exercisable to acquire one common share of the Company at a price of \$0.10 for a period of 36 months and 4,030,000 warrants exercisable to acquire one common share of the Company at a price of \$0.75 for a period of 36 months. The Company also issued 534,400 non-transferable compensation units, with each compensation unit consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 for a period of 36 months following the closing date of the Financing. The warrants fair value was determined using a binomial model based on the Black-Scholes methodology using a risk-free rate of 0.75% and a volatility of 200%.

*Subsequent Events*

- On November 10, 2017, the Company announced the issuance of 1,216,667 warrants exercisable to acquire one common share of the Company at a price of \$0.10 until October 25, 2020 and 2,487,858 warrants exercisable to acquire one common share of the Company at a price of \$0.75 until October 25, 2020. The Company also issued 108,000 non-transferable compensation units, with each compensation unit consisting of one common share of the Company and one Non-FT Warrant, with each Non-FT Warrant being exercisable to acquire one non-flow-through common share of the Company at a price of \$0.075 until October 25, 2020.

**FLOW-THROUGH EXPENDITURE COMMITMENTS**

The Company has completed several flow-through (“F/T”) share financings that involve a commitment to incur Canadian exploration expenditures (“CEEs”) prior to the end of specific calendar years and to renounce the CEE tax deductions to the subscribers. Flow-through shares and exploration expenditures qualifying as CEEs are defined in the Income Tax Act of Canada.

The following tables sets out the flow-through expenditure commitments as of September 30, 2017:

<b>Financing Series</b>	<b>2016 F/T First Series</b>	<b>2016 F/T Second Series</b>	<b>2017 F/T First Series</b>
Financing Date	April 26, 2016	June 3, 2016	August 23, 2017
Commitment Deadline	December 31, 2017	December 31, 2017	December 31, 2018
Commitment Amount	\$ 91,000	\$ 150,000	\$ 159,000
Less: Qualifying Expenditures Incurred	(21,506)	-	-
<b>Estimated F/T Expenditures Remaining</b>	<b>\$ 69,494</b>	<b>\$ 150,000</b>	<b>\$ 159,000</b>

*Subsequent Events*

On November 2, 2017, the Company issued flow-through shares with a commitment amount of \$146,000 and a commitment deadline of December 31, 2018.

---

**LIQUIDITY AND CAPITAL MANAGEMENT**

---

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 105,350	\$ 51,263
Amounts Receivable	24,263	41,757
Prepaid Expenses	2,789	1,000
<b>Total Current Assets</b>	<b>\$ 132,402</b>	<b>\$ 94,020</b>
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 112,850	\$ 319,089
Deferred Flow-Through Premium	50,786	48,200
Flow-Through Provision	430,294	430,294
<b>Total Current Liabilities</b>	<b>593,930</b>	<b>797,583</b>
<b>Working Capital Deficiency</b>	<b>\$ 461,528</b>	<b>\$ 703,563</b>

As of September 30, 2017, the Company had a working capital deficit of \$461,528 (December 31, 2016: \$703,563).

There were no changes in the Company's approach to capital management during the nine-month period ended September 30, 2017.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and adjusts in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending commitments.

## **FINANCIAL INSTRUMENT RISK FACTORS**

The following disclosures are to enable users of the financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

### ***a) Credit risk***

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's accounts receivable are sales tax receivables with negligible counterparty default risk.

### ***b) Liquidity risk***

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at September 30, 2017, the Company had a cash balance of \$105,350 (December 31, 2016: \$51,263) to settle current liabilities of \$593,930 (December 31, 2016: \$797,583). As a result, the Company is exposed to liquidity risk.

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

### ***c) Market risks***

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit or loss. This includes:

- Interest rate risk, is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.
- Commodity price risks, particularly with respect to diamonds, is the sensitivity of the fair value of or of the future cash flows of mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets.
- Currency risk, is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.

## **RISKS AND UNCERTAINTIES**

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

### ***Management***

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

### ***Credit risk***

The Company deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company's current credit risk is primarily attributable to cash and accounts recoverable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. Accounts receivable is due from the federal government of Canada. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal and remote.

### ***Liquidity risk***

The Company's ability to remain liquid over the long term depends on its ability to obtain financing necessary to complete exploration and development of its mineral properties and their future profitable production or, alternatively, upon the Corporation's ability to dispose of its interest on an advantageous basis.

### ***Currency risk***

The Company has no foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure.

### ***Interest rate risk***

The Company's cash balance is subject to changes in interest rates. Interest rate risk is minimal.

### ***Equity price risk***

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. Except for marketable securities, the Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities and due to related party) are not subject to price risk.

### ***Commodity price risk***

The Company is exposed to price risk with respect to gold and other mineral commodity prices, such prices impacting the future economic feasibility of its exploration properties. The Company closely monitors gold and other mineral commodity prices to determine the appropriate course of action to be taken by the Company.

### ***Additional capital***

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

## **RISKS AND UNCERTAINTIES (CONTINUED)**

### ***Environmental and permitting***

The Company's current or future operations, including development activities, are subject to environmental regulations, which may make operations not economically viable or prohibit them altogether. All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

### ***Acquisition***

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

### ***Competition***

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

### ***Political risk***

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low.

### ***Business risk***

There are numerous business risks involved in the mineral exploration industry. The Company may not own 100% of a mineral concession or joint venture. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by the Company could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to properties.

### ***Surface Rights***

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

**GOING CONCERN**

As at September 30, 2017, the Company had a working capital deficit of \$461,528 (December 31, 2016: \$703,563) and an accumulated deficit of \$8,840,253 (December 31, 2016: \$8,193,175). These conditions cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Interim Consolidated Financial Statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The Condensed Interim Consolidated Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

### ***(a) Statement of compliance***

These condensed consolidated interim financial statements have been prepared in accordance and comply with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting principles consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The condensed interim consolidated financial statements were approved by the Board of Directors on November 29, 2017.

### ***(b) Basis of presentation***

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### ***(c) Basis of consolidation***

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary 606596 Alberta Ltd., which is not active and has no assets in the current or prior year. All intercompany balances and transactions have been eliminated.

### ***(d) Significant accounting judgements and estimates***

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the financial statements relate to the following:

#### *Going concern*

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the financial statements.

#### *Deferred Flow-Through Premium Estimates*

Recorded costs of flow-through share premium liabilities reflect premiums received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainties and requires the Company to assess the value of non-flow-through shares. The determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability. The fair values of the flow-through premiums are disclosed in Note 6 of the financial statements.

**OTHER INFORMATION**

Additional information relating to the Company is also available on the SEDAR at [www.sedar.com](http://www.sedar.com).