Eloro Resources Ltd.
Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Eloro Resources Ltd. (the "Company") for the 3 months ended June 30, 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes.

The MD&A is the responsibility of management and is dated as of August 29, 2017.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at. www.elororesources.com.

Forward-Looking Statements
This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

See page 9 for *Material assumptions and risk factors for forward-looking statements*.

The Company
The Company is a Canadian-based gold exploration and development company with a gold-silver property in Peru and base metal properties and royalties in the province of Quebec.

The Company is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on Tier 2 of the TSX Venture Exchange ("TSXV") under the symbol ELO and on the Frankfurt Stock Exchange under the symbol WKN 909833.

Overall Performance

Private placements of units
On May 31, 2017, the Company completed a non-brokered private placement of 428,571 units at a price of $0.70 per unit for proceeds of $300,000. Each unit consists of one common share and one half of one warrant with each whole warrant entitling the holder to purchase one common share for $1.00 until May 31, 2019. Of the private placement, a company controlled by an advisor to the Company acquired 11,285 units.

In connection with the private placement, the Company paid a finder's fee of $3,430.

On August 16, 2017, the Company completed a non-brokered private placement of 655,000 units at a price of $0.70 per unit for proceeds of $458,500. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for $1.00 until August 16, 2019. Of the private placement, a director, two companies controlled by advisors to the Company and two directors of Cartier Iron Corporation, which owns 3,043,500 common shares of the Company, acquired 150,000 units.

In connection with the private placement, the Company paid a finder's fee of $613.

Definitive agreement to acquire La Victoria Gold/Silver Property, Peru
On July 1, 2017, the Company made a payment of $75,000 to Tartisan Resources Corp. ("Tartisan") to complete the acquisition of La Victoria and title to San Markito was transferred to the Company.

Grant of option for a 25% interest in La Victoria
On March 30, 2017, the Company granted an option to EHR Resources Limited ("EHR") to acquire up to a 25% interest in La Victoria. In order to earn its interest, EHR must incur exploration expenditures as follows:

	Exploration expenditures $
To earn a 10% interest	
October 31, 2017	2,000,000
To increase to a 25% interest	
July 31, 2018	3,000,000
	5,000,000

If either the Company or EHR acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest. Until EHR earns its 10% interest, the Company will be deemed to have a 100% interest and until EHR earns its 25% interest, the Company will be deemed to have a 90% interest. In the event that the agreement is terminated before the Company earns its 10% or 25% interest, EHR shall transfer its interest in any additional properties within the area of interest to the Company.

Upon EHR earning its 10% or 25% interest, a joint venture, with the Company as operator, will be formed to explore and develop La Victoria.

If the Company or EHR does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 7%, the party's interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1% by making a payment of $3,000,000.

In the event the EHR proposes to sell any interest in La Victoria to a third party, the Company has a right of first refusal to match any offer for the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with EHR about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, EHR will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

The option agreement was subject to the approval of the shareholders of EHR which was received on June 15, 2017 and the approval of the Australian Securities Exchange which was received on August 4, 2017.

Ongoing Exploration at La Victoria

On June 7, 2016, the Company announced the commencement of a follow-up surface exploration program at La Victoria. The exploration program focused particularly on the Rufina West Oxide Gold Zone, a low sulphidation epithermal target where there is extensive artisanal mining activity and the adjacent Rufina East Sulphide Zone in the southern part of the property, Previous sampling by the Company has indicated the presence of significant high-grade gold and silver values in these areas (see press releases October 8, 2015 and August 12, 2015). Completed work included an Induced Polarization Survey, geological mapping and lithogeochemical sampling. The Company retained noted Andean epithermal gold expert Dr. Osvaldo Arce Burgoa to conduct the mapping and targeted sampling program.

This work program was incorporated in a new National Instrument 43-101 Technical Report ("Technical Report"), which was filed on September 7, 2016, authored by Mr. Mr. Luc Pigeon, M.Sc., P.Geo. The Technical Report was filed as one of the terms precedent to the acquisition of La Victoria and is available under the Company's profile on SEDAR (www.sedar.com).

As outline in the Technical report, four principal mineralized zones are identified at La Victoria: San Markito, Rufina, Victoria and Victoria South. The Rufina and San Markito zones are the most advanced targets and are recommended for drilling whereas the Victoria and Victoria South zones are at an early exploration stage. In general, mineralization occurs within breccias and veins that contain significant gold and silver concentrations and trace element characteristics that are compatible with epithermal deposits especially the low sulphidation type.

A two-part Phase I exploration program was recommended in the Technical Report. The first part is budgeted at US$250,000 and includes permits, road work and drill pad construction for the diamond drill program, with detailed follow-up mapping, sampling and geophysical surveys. The Part 2 drill program is budgeted at US$850,000 and includes 3,000m of diamond drilling at San Markito and Rufina. The Company has initiated discussions with several drill contractors in Peru for the Phase I drilling program.

La Victoria is located within a prolific epithermal gold deposit belt that extends from Cajamarca to Ancash and includes such gold deposits as Yanacocha, Lagunas Norte and La Arena. The La Arena mine is located 50km northwest of the property.

At the Rufina mineralized zone, five vein sets of 20m to 70m in width were identified at the Rufina West mineralized zone, with lengths ranging from 10m to possibly 500m, with an average exposure of some 150m. Vein sets are composed of iron oxide-quartz-arsenopyrite-hydroxide-sulphate minerals in veinlet swarms, stockworks, and breccia zones. Veins are dominantly tensional, and are characterized by open space filling fabrics. Mineralization below the oxidation layer contains pyrite, bornite, chalcopyrite, and arsenopyrite, and where a 40-cm chip sample massive arsenopyrite sample carried 68.3 g/t gold, 52.7 g/t silver, and 0.77% copper. Chip channel sampling within the Rufina mountain underground workings identified several gold rich arsenopyrite veins. One sample returned an elevated gold concentration of 15.1 g/t Au over 0.5 m and 136.4 g/t Ag, 1.61% lead and 3.75% zinc. Three alteration samples from the recent sampling returned an averaged 8.8 g/t gold and 23.8 g/t silver.

Structural settings include faults and fractures bounded by brittle-ductile fault systems and shear zones. They are well developed in intrusive rocks as well as underlying sediments of the Chicama Fm.

The 2D inverse geophysical interpretation from the induced polarization survey shows that the high resistance diorite (the main mineralized lithology present on the Rufina zone) is concentrated near the surface and is underlain by conductive and chargeable sedimentary rocks. There appears to be a chargeability anomaly concentrated along the contact between the diorite and the underlying Chicama Fm sediments; since the anomaly also shows a higher resistivity value than what is usual for the Chicama Fm, it is interpreted to be mineralization along the contact; this is a high-priority drill target.

The San Markito mineralized zone is approximately 1,300m long and 400m wide and is open along strike to the northwest. Mineralization occurs within breccias and veins that strike northwest and dip to the northeast at between 55 and 80 degrees. The breccias vary in lengths between 30m and 200m with widths between 5m and 20m; veins are between 20cm and 1.0m in width and have been traced up to 160m, although most identified veins are between 10m and 20m long. The breccia mineralization is composed of quartz, pyrite, arsenopyrite, iron-oxide, malachite and other secondary oxides and sulphates minerals whereas the vein mineralization is composed of quartz, arsenopyrite, chalcopyrite, pyrite, iron oxides (limonite), hydroxides (goethite) and sulphate (jarosite).

San Markito gold and silver values range from trace values to 2.27 g/t gold in the veins and to 1,814 g/t silver in the breccias. Lead, arsenic, and antimony are also enriched with lead reaching 16.82% and the latter two over the 1% analytical limit. In addition, copper values from two breccia samples returned anomalous values up to 2.31%.

The Victoria South zone is located between San Markito and Rufina zones. The host rocks are dominantly the Upper Jurassic Chicama Formation. The zone is comprised of structural vein sets ranging between 5 to 30m in width composed of iron and manganese oxides, quartz, arsenopyrite, pyrite and goethite. Most of the vein sets are bounded by faults and shear zones, with a dominant E-W east-west strike and subvertical to vertical dips. Vein lengths range from 5m to possibly 50m, and between 1cm and 40cm in width, averaging 20cm. The main vein system is the San Carlos which was exploited for about 50m along strike. It consists of 2-3 quartz veins with abundant gossan, limonite, drusy quartz and arsenopyrite in a shear zone. Gold values mineralization range from 0.027 g/t Au up to 8.4 g/t Au over 1.2m. Silver values vary between negligible to 39.0 g/t over 1.5m. Arsenic concentrations can exceed the 10% detection limit in gold-rich samples. Lead and Zn concentrations are negligible.

The Victoria Au-Ag zone is located east of the San Markito zone within the Victoria intrusion QFP and diorite rocks near the contact with the sedimentary rocks of the Chimu Fm. Mineralized structures vary from 10 m to 100 m and widths vary from 0.1 m to 0.9 m. Surface vein material is composed of anhedral quartz and secondary iron oxide and hydroxide minerals producing a distinctive dark brown to rusty yellowish-brown color. Gold and Ag values vary from trace to 14.4 g/t Au and 927 g/t Ag respectively. Copper values are elevated in most samples to a maximum of 4.29% Cu.

On October 19, 2016, the Company announced that it has completed the Phase I exploration program recommended in the Technical Report. Phase I included geological mapping and sampling, geophysical surveys, data processing, permit applications, and accessibility improvements for the Phase II drill program. The Phase II diamond drilling, which will total up to 3,000m, will focus on targets at the San Markito and Rufina Mineralized Zones. The completed work increased the Company's understanding of the potential of La Victoria and outlined a number of follow-up targets. In advance of the drilling program, the Company embarked on the second phase of a geological mapping and sampling program led by Dr. Osvaldo Arce. This work concentrates on the 3-plus km potential strike length of the San Markito-Victoria silver-gold mineralized breccia zones which have had very limited previous exploration. A new road is being constructed by the Peruvian government that is opening up a key portion of La Victoria which will greatly facilitate the Company as it undertakes this work. In addition, the Company will be completing a detailed soil geochemical survey of Rufina North to better define a potential heap-leachable gold target near a strong IP anomaly outlined in its survey.

On December 14, 2016, the Company announced it had completed the second phase of geological mapping and sampling in the San Markito-Victoria area (San Markito and San Felipe 2 concessions) in the northern part of the La Victoria property. This program covered an area of approximately 370 ha concentrated on the three-plus km of potential strike length of the silver-gold mineralized breccias at the San Markito zone. In the course of the mapping work, 130 rock samples were taken with most samples being continuous channels by gas-powered diamond saw or chip sampling. These samples were analyzed for gold and silver by fire assay and 31 element ICP analysis to define geochemical trends. A table containing the significant results is contained in the December 14, 2016 news release.

The best gold values from the Victoria zone were 8.91 g/t Au (and trace silver) over 0.5m; 2.40 g/t Au and 86.1 g/t Ag over 0.50m and 0.81 g Au/t with 229 g/t Ag over 3.50m. Anomalous gold values can be traced for more than 1.0 kilometre along strike and appear to indicate a potential gold-rich target area east of San Markito. The best silver values were 994 g/t Ag with 0.35 g/t Au in a continuous diamond saw channel sample over 4.00m and 390 g/t Ag with 0.53 g/t Au over 1.53m and >1.0% Pb This further confirms previous sampling which returned values up to 2.27 g/t Au and up to 1814 g/t Ag with up to 16.82% Pb. The silver anomaly in the San Markito area extends over 1.5 km in strike length. Au, Ag, Pb and arsenic (As) are positively correlated, including anomalous antimony (Sb).

Gold-silver mineralization on the La Victoria property is spatially and structurally associated with a series of dioritic to granodioritic intrusive rocks that intrude sandstone and shale of the Chicama and Chimu Formations. In the San Markito-Victoria area Ag-Au occurs at or near an intrusive contact within an extensive area of hydrothermal alteration approximately 4km long by up to 1km wide. Alteration is characterized by silicic, argillic and limonitic alteration, surrounded by a halo of propylitic alteration. This alteration is likely in the upper part of a major low sulphidation epithermal system. Mineralization is comprised of a wide variety of types including veins, dykes, veinlets, breccias, crackle breccias, boxworks and stockworks with multiple stages of mineralization evident. The best grade mineralization appears to be associated with NW-SE striking faults cutting this alteration zone.

The completed work continues to confirm the presence of a major epithermal system with multiple stages of mineralization in the San Markito-Victoria area in the northern part of the La Victoria property. The intensity of alteration and the wide range of styles of mineralization is very encouraging. It should be noted that some of the surface samples were oxidized, in some cases intensely, such that the values may have been affected by leaching in the surface environment.

Additionally, the Company also announced on December 14, 2016, that its wholly-owned Peruvian subsidiary, Compañia Minera Eloro Peru S.A.C., had acquired an additional mining concession, Romina 3, covering approximately 600 ha, that ties on to the western boundary of the Rufina Concession in the southwest corner of the La Victoria property.

At Rufina, gold mineralization occurs principally within quartz veins in shear zones within dioritic intrusive and sedimentary rocks. Work to date by the Company has identified five vein shear sets of 20m to 70m in width in the western part of the mineralized zone. Vein sets are composed of iron oxide-quartz-arsenopyrite veins, in veinlet swarms, stockworks, and breccia zones. Three surface samples from the mineralized zone averaged 8.8 g/t gold and 23.8 g/t silver, while one 50cm chip sample taken from an artisanal adit returned 15.1 g/t gold, 136.5 g/t silver, with 1.61% lead and 3.75% zinc. In the northern part of Rufina at higher elevations, the mineralized rocks are oxidized and have argillic alteration suggesting potential for heap-leachable gold mineralization. The recently completed IP survey shows that the high resistance diorite (the main mineralized lithology present on the Rufina zone) is concentrated near the surface in this area and is underlain by conductive and chargeable sedimentary rocks; this target, known as Rufina North, will be tested in the planned drill program.

On January 17, 2017, the Company announced that its Peruvian subsidiary had registered four additional mining claims totaling 3,400 ha (34 sq. km) of prospective exploration lands on the southern boundary of La Victoria. This brings the total lands held to 8,933 ha (89.3 sq. km.) in 9 concessions and 7 claims.

As part of a continuing review of the surface geology of the La Victoria property and environs, a large tract of land bordering the Rufina 2 Concession to the south was seen to host geology similar to what is seen on the Ccori Orcco Concession, and mining rights were available to acquire by staking. This property acquisition makes the Company one of the largest holders of mining rights in the northern Ancash Department section of the North-Central Peru Mineralized Belt.

In addition, extensive new mineral claims have been registered by major corporations since January 1, 2017, demonstrating a new influx of some of the world's largest and best-known mining companies entering into the northern Ancash Department. These holdings are located to the south, east, and north of the La Victoria property that continues the trend started in July of 2016 by First Quantum Minerals Ltd, which registered 14,100 ha (141 sq. km) in 15 mining claims southeast of La Victoria.

Newmont Peru SRL, a subsidiary of Newmont Mining Corporation, has registered 8,767 ha (87.7 sq. km.) in thirteen mining claims contiguous with the new southern boundary of the La Victoria property. In addition, Newmont has registered 3,300 ha (33 sq. km.) in five mining claims due West of La Victoria, as well as a very large, prospective land position just across the La Libertad/Ancash boundary some 7 km west with 8,500 ha (85 sq. km.) in 11 contiguous mining claims between the Patibal Gold Mine and the Santa Rosa Gold/Copper Mine.

Minera Barrick Misquichilca SA, the Peruvian subsidiary of Barrick Gold Corporation has registered a 600 ha (6 sq. km.) mining claim on the eastern boundary of the Company's Santa Ana 2 Concession, while proximal to this is a new landholding by Anglo American Peru SA, a subsidiary of Anglo American plc, with three mining claims totalling 2,700 ha (27 sq. km.).

Fresnillo Peru SAC, subsidiary of Mexican miner Fresnillo plc, has registered one 400 ha (4 sq. km.) claim on the northern boundary of the Company's San Markito Concession, and has acquired an additional 300 ha (3 sq. km.) mining claim to the east of La Victoria.

As a result of this recent activity, La Victoria is now bordered on the north by Fresnillo; on the south by Newmont; on the southeast by First Quantum; and on the east by Barrick Gold, with Anglo American in close proximity.

On April 25, 2017, the Company issued further results from on-going geological mapping and sampling program at La Victoria. The work has outlined two major new target areas in Ccori Orcco. target 1 is located approximately 1.5km east of San Markito while target 2 is approximately 500m south of target 1 and 1.5km east of Rufina.

Both target areas in Ccori Orcco are at least 200m wide and extend for approximately 1 km along strike parallel to major NW-SE and NE-SW structures in the area. Mineralization is associated with hydrothermal (argillic and silicic) and supergene alteration in hydrothermal breccias associated with quartz feldspar porphyries. Preliminary sampling was carried out in the area.

Reinterpretation of historical induced polarization data in the San Markito area shows a strong chargeability anomaly that coincides with the Ag-Au showings in mineralized breccias. The anomaly extends for at least 1250m north-south at depths from about 50 m to more than 200m, the maximum depth reached with the array that was used for the survey. The anomaly extends as far south as the last IP line. It is thus open to the South as well as to greater depth. The shape of the anomaly suggests elongation in a north or north-northwest direction, parallel to important structures that have been mapped at San Markito.

To date, the Company has outlined five major target areas at La Victoria. Two of these areas, Rufina and San Markito, are nearing final permit approval for diamond drilling. It is the Company's belief that there are multiple low to intermediate sulphidation epithermal systems on the La Victoria project and hese systems appear to be controlled by major NW-SE trending faults with mineralization typically occurring at intersections of these faults with NE-SW trending structures as well as along intrusive-sedimentary contacts. The identification of quartz feldspar porphyries intrusives in the Ccori Orcco area is positive as these intrusives are associated with major gold deposits elsewhere in the mineral belt.

On June 13, 2017, the Company announced that ongoing reconnaissance geological mapping and sampling outlined a major new mineralized trend in the Victoria South area of La Victoria. This mineralized area appears to be closely associated with the Puca Fault, a major northeast-southwest striking regional fault that is a likely feeder structure for multiple stages of epithermal gold-silver mineralization on the property. Geologically the style of mineralization is similar to that of Rufina located approximately 1.7 kilometres to the southwest and is the likely northern continuation.

Assays from an initial twenty-two rock chip samples returned encouraging results including: 33.02 g Au/t over 0.30m across a quartz vein with arsenopyrite and pyrite, in intrusive diorite; 8.02 g Au/t over 0.20m in the intersection of a series of low-angle structures; 5.46 g Au/t across a 0.30m wide quartz vein in altered diorite, with disseminated arsenopyrite and pyrite.

In addition to the higher-grade bonanza-style gold mineralization, significant results were also returned from limited sampling of the host breccia zones including 13.66 g Au/t over 1.10 metres, 2.73 g Au/t over 0.20 metres and 1.10 g Au/t over 0.60 metres. Much of the mineralized breccia is not well exposed and has been heavily oxidized hence trenching will be required to more accurately assess its potential.

The new mineralized zone at Victoria South is approximately 170 metres wide and strikes northwest-southeast extending for at least 1 km along strike. It appears likely that this zone is the southern continuation of the mineralized zone at San Markito which is marked by strong induced polarization anomalies that also trend northwest-southeast. This would suggest the potential strike length may be more than 3 km. A second target at Victoria South, the breccia zone, that trends northeast-southwest for approximately 850m, is up to 200m wide and is a potential target for bulk tonnage mineralization. Trenching is required to better expose this zone for sampling.

On August 8, 2017, the Company announced that in connection with ongoing exploration at La Victoria, an additional 50.7-line kms of Induced Polarization and Resistivity survey (IP/Res) had been contracted. This data will be interpreted in conjunction with magnetic survey data and detailed geological mapping to identify high priority targets for drilling. In addition, detailed magnetic surveys are being extended over the newly acquired southern portion of the property as this technique is very effective in outlining structures and potential mineralized areas.

The final drilling permit application for the Rufina area was submitted July 3, 2017 to the Ministry of Energy and Mines and is currently being reviewed for approval.

The environmental and archaeological assessment for the Victoria-Victoria South and Ccori Orcco areas is in progress and will be submitted in connection with the drilling permit application for these areas. Preliminary drill sites have been outlined based on geological and magnetic surveys; these sites will be refined following receipt of results from the IP/Res survey. These results will be compiled for the drilling permit application for the Victoria-Victoria South and Ccori Orcco areas.

For additional technical information on the La Victoria Project, the reader is referred to the NI 43-101 Technical Report on the La Victoria Au-Ag Property, Ancash, Peru filed under Eloro's profile on SEDAR (www.sedar.com).

Further exploration programs at La Victoria are contingent upon funding from EHR and the Company raising an adequate amount of financing.

Grant of stock options
On April 7, 2017, the Company granted 100,000 stock options to a consultant entitling the holder to purchase one common share for $0.75 until April 7, 2022.

Notices of assessment
On July 26, 2017, the Company received notices of assessments from Revenu Quebec for the repayment of $367,360 ("Notices") for the return of refunds of $280,961, $25,217 and $7,766 received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2016, respectively and interest thereon of $53,416.

The process of dealing with the Notices is at an early stage and it is not yet possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount has been recorded as a liability in the consolidated financial statements.

Risks and Uncertainties
The Company is in the exploration stage and has no revenue. During the 3 months ended June 30, 2017, the Company recorded a loss of $339,319 (2016 – income of $45,783) and as at that date, the Company had accumulated deficit of $25,871,425 (March 31, 2017 - $25,532,106), working capital deficit of $353,130 (March 31, 2017 - $241,213) and cash flow deficit from operations of $104,738 (2016 - $100,154). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licenses.

The Company is exposed to commodity price risk. A significant decline in precious and base metal commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

Results of Operations

	3 months ended June 30, 2017 $	2016 $
Expenses		
Professional fees	5,000	9,155
Consulting fees	54,000	64,500
Stock-based compensation	72,000	-
Investor relations and marketing	60,205	25,929
General and office	44,541	28,485
Travel	23,875	6,076
Unrealized loss (gain) on marketable securities	47,525	(100,487)
Gain on assignment of royalty	-	(82,000)
Impairment of exploration and evaluation	32,173	2,559
	339,319	(45,783)
Loss	(339,319)	45,783

3 months ended June 30, 2017

The Company recorded a loss of $339,319 for the 3 months ended June 30, 2017 which is a significant increase compared to income of $45,783 in the comparative period of the previous year. The increase in the loss was due to the following factors:

a) increases in investor relations and marketing, general and office and travel due to an increase in the level of activity.
b) Stock-based compensation of $72,000 was recorded in the current period and no stock-based compensation was recorded in the comparative period.
c) an unrealized loss of $47,525 was recorded in the current period compared to an unrealized gain on $100,487 in the comparative period.
d) A one-time gain on the assignment of a royalty of $82,000 was recorded in the comparative period.

Summary of Quarterly Results

	Q2 2016 $	Q3 2016 $	Q4 2016 $	Q1 2017 $	Q2 2017 $	Q3 2017 $	Q4 2017 $	Q1 2018 $
Revenue	–	–	–	–	–	–	–	–
Income (loss)								
- Total	(115,840)	(88,903)	(122,296)	45,783 (note 1)	(295,244) (note 2)	(90,354)	(830,582) (note 3)	(339,319) (note 4)
- Per share	(0.01)	–	(0.01)	–	(0.01)	–	(0.03)	(0.01)

Note 1: Income included an unrealized gain on marketable securities of $100,487 and a gain of $82,000 assignment of royalty.
Note 2: Loss included stock-based compensation of $27,000 and unrealized gain on marketable securities of $30,635.
Note 3: Loss included stock-based compensation of $714,000.
Note 4: Loss included stock-based compensation of $72,000.

Liquidity and Capital Resources

At June 30, 2017, the Company had a cash balance of $29,181, receivables of $119,987 and marketable securities with a fair value of $230,767. Subsequent to June 30, 2017, the Company completed a non-brokered private placement of 655,000 units at a price of $0.70 per unit for proceeds of $458,500. In addition, there are 625,000 warrants entitling the holder to purchase one common share for $0.24 until September 3, 2017, which are in-the-money and the Company expects to be exercised for proceeds of $150,000.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with the proceeds of equity financings. The Company is dependent upon the support of its creditors and the Company's ability to secure equity financings to meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of mineral resource properties.

Estimated working capital requirements for 2018	**$**
Corporate and general	400,000
Accounts payable and accrued liabilities at March 31, 2017, excluding amounts owed to related parties	135,000
Due to Tartisan Resources Inc.	75,000
Mining claim fees	40,000
	650,000

Excluding consulting fees to management, the payment of which is being deferred, corporate and general costs for the years ended March 31, 2017 and 2016 were approximately $400,000 and $200,000, respectively. For the year ended March 31, 2018, the Company estimates its corporate and general costs of approximately $400,000.

At March 31, 2017, accounts payable and accrued liabilities were $591,284, of which, $453,584 represents consulting fees owed to related party management and consultants, the payment of which is being deferred. Accordingly, the accounts payable and accrued liabilities to non-related parties is approximately $135,000.

The Company paid the amount due to Tartisan Resources Inc. and mining claim fees, which will be reimbursed from the proceeds of the option agreement with EHR Resources Limited.

Management is of the opinion that sufficient working capital will be obtained from equity financings to meet the Company's liabilities and commitments as they become due. In the event that the Company is not able to obtain sufficient working capital from equity financings, the Company could consider selling marketable securities.

Transactions with Related Parties

	3 months ended June 30, 2017 $	**Outstanding as at June 30, 2017 $**
Consulting fees		
Gambier Holdings Corp., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	24,000	37,850
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	15,000	121,300
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	15,000	124,975

Changes in Accounting Policies including Initial Adoption

New standards and interpretations not yet adopted

The following amendment to standards will be effective for periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments ("IFRS 9")

This standard will replace *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules In IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The Company has not determined the extent of the impact of IFRS 9 on its financial statements.

The following new standard will be effective for periods beginning on or after January 1, 2019:

IFRS 16, Leases ("IFRS 16")

This standard will replace *IAS 17, Leases*. IFRS 16 provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. The Company has not determined the extent of the impact of IFRS 16 on its financial statements

Financial instruments and risk management
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities
The fair value of accounts payable and accrued liabilities approximates their carrying value due to their short term to maturity.

Warrants and stock options
The fair value of warrants and stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on grant date, exercise price, expected volatility (based on historical volatility or historical volatility of securities of comparable companies), weighted average expected life and forfeiture rate (both based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data

Cash and marketable securities are measured at fair value at Level 1 of the fair value hierarchy.

Financial risk management
The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company’s limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at June 30, 2017 had changed by 25%, with all other variables held constant, the loss would have decreased or increased by $57,962.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments. The Company has no interest-bearing debt.

Capital management
Capital of the Company consists of share capital, warrants, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

Material assumptions and risk factors for forward-looking statements.
The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page	Forward-looking statement	Assumption	Risk factor
7	Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from equity financings to meet the Company's liabilities and commitments as they become due."	Equity financings will be obtained.	The Company is unable to obtain future financing to meet liabilities and commitments as they become due.

Other Information

Additional Disclosure for Venture Corporations without Significant Revenue
The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	3 months ended June 30,	
	2017	**2016**
	$	**$**
General and office expenses		
Rent	11,160	9,885
Office	18,674	3,281
Insurance	6,114	4,847
Public company costs	8,593	10,472
	44,541	28,485

Exploration and evaluation

	March 31, 2017 $	Acquisition costs $	Exploration $	Writedown $	June 30, 2017 $
Property					
La Victoria	4,136,135	2,938,985	144,931	–	4,281,067
Other	–	–	32,173	(32,173)	–
	4,136,135	2,938,985	177,105	(32,173)	4,281,067

Shares Outstanding as at August 29, 2017

Shares
Authorized:
An unlimited number of common shares without par value.
An unlimited number of redeemable, voting, non-participating special shares without par value.

Outstanding:
32,649,637 common shares

Warrants
Outstanding:

Exercise price	Expiry date	Warrants outstanding
$0.24	September 3, 2017	124,167
$0.30	May 3, 2018	812,500
$0.45	February 25, 2018	896,900
$0.30	May 10, 2018	147,059
$0.50	December 29, 2018	464,286
$0.50	January 6, 2019	35,714
$0.40	October 17, 2019	3,000,000
$1.00	May 31, 2019	214,285
$1.00	August 16, 2019	327,500
		6,022,411

Stock options
Authorized:
3,264,496 stock options.

The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSXV. The maximum term for stock options is 5 years and stock options granted vest immediately.

Outstanding:

Exercise price	Expiry date	Options outstanding and exercisable
$0.10	January 29, 2020	1,150,000
$0.12	December 7, 2020	200,000
$0.30	July 6, 2021	100,000
$0.55	January 27, 2022	1,225,000
$0.77	February 7, 2022	100,000
$0.75	April 7, 2022	100,000
		2,875,000