



The following discussion and analysis of the operations, results, and financial position of Gray Rock Resources Ltd. (the "Company" or "Gray Rock") should be read in conjunction with the Company's condensed consolidated interim financial statements for the six months ended June 30, 2017, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the notes thereto.

This Management Discussion and Analysis ("MD&A") is dated August 23, 2017 and discloses specified information up to that date. Gray Rock is classified as a "venture issuer" for the purposes of National Instrument 51-102.

We recommend that readers consult the "Cautionary Statement" on the last page of this report.

Additional information relating to the Company can be obtained by contacting David Wolfin, the President & CEO of the Company, on SEDAR at www.sedar.com, or on the Company's website at www.grayrockresources.com.

Business Overview

Gray Rock Resources Ltd. ("the Company") was incorporated under the laws of the Province of British Columbia. Its principal business comprises the exploration for and development of mineral properties.

The Company is in the exploration stage. The common shares of the Company commenced trading on the TSX Venture Exchange on November 29, 2006 under trading symbol GRK. The Company is classified as a Mineral Exploration company. The financial statements, to which this MD&A relates, have been prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has working capital of \$138,482 at June 30, 2017 and has accumulated losses of \$2,632,056 since incorporation. The Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

Overall Performance

Surprise Lake Property - Acquisition

On February 23, 2017, the Company announced that further to its press release dated September 30, 2016, it had closed a definitive agreement (the "Agreement") with DeCoors Mining Corp. ("DeCoors") to acquire the Surprise Lake Property, located near Atlin, British Columbia, consisting of 33 mineral claims, and covering an area of approximately 5,144 hectares. The Agreement also includes five other early-stage mineral exploration properties comprising a further 49 mineral claims, all located in British Columbia. In consideration of the acquisitions, the Company has issued to DeCoors for the Surprise Lake Property 4.0 million common shares, and reimbursed DeCoors for its location and exploration costs on the Surprise Lake Property in the amount of \$30,000. The other properties were acquired for only nominal consideration. In addition, DeCoors retains a 1.5% net smelter returns royalty (the "NSR") on each of the purchased properties, until the Company has paid \$2.0 million under the NSR of any property placed into commercial production. Each NSR will be subject to the Company's exclusive option to purchase all or any part of the NSR at any time at the rate of \$666,667 for every one-third of a NSR (i.e., 0.5% NSR), or \$2.0 million in the aggregate for the total NSR.

One of the properties, the Palm Springs property, is also subject to a prior option agreement (the "Palm Springs Option Agreement") granted by DeCoors to Garibaldi Resources Corporation ("Garibaldi"), wherein Garibaldi has the right to acquire up to 95% of the Palm Springs property,



subject to a 2% net smelter returns royalty reserved to DeCoors. DeCoors has assigned all its interests in the Palm Springs Option Agreement to the Company under the terms of the Agreement.

As part of the Agreement, John Buckle, P. Geo, P. Geoph., and Brian Johnson have been appointed to the board of directors of the Company as the nominees of DeCoors.

The Surprise Lake project is located 8 kilometers east of the town of Atlin in northwestern British Columbia, a productive, placer mining area with a rich mining history dating back to the gold rush of the 1890's. Large parts of the property are situated within the drainage basins of several prolific gold placer streams such as Pine Creek and Spruce Creek which are actively being mined. It has been speculated that some of the placer gold originated from the bedrock on the Surprise Lake property.

The property hosts ultramafic peridotite in an arcuate thrust slice in the northwestern part of the property and as small lenses in the southeast. Provincial examples of gold camps with spatially associated ultramafic rocks include the Bridge River, Cassiar and Rosslund lode gold, and the Atlin and Dease Lake placer camps. Additionally, the Surprise Lake Property covers four documented mineral occurrences on file with the British Columbia Geological Survey (Surprise, Atlin Project (Main Block), O-1 and Cabin Silver), and the recent discovery in July, 2016 of visible gold in bedrock along Otter Creek. The gold is hosted by quartz vein stockwork and variably pyritic pale green and graphitic phyllite wall rock, proximal to the northerly trending Otter Creek Fault. Studies of this bedrock are currently underway by the BC Geological Survey to determine the age, petrology, and geochemical associations. The extent of this mineralization is the primary focus of the current property exploration.

Surprise Lake Property - Sampling Program

On October 31, 2016, Gray Rock announced the results of assay reports from recent rock samples taken on the Surprise Lake property. A total of 43 rock samples were collected from three locations on the Otter Creek area of the Surprise Lake property.

Five one-meter long samples were collected from rock saw channels cut into mineralized rock composed of fine grained, black, phyllite with occasional centimeter-scale quartz veins parallel to the foliation. The area sampled is located approximately 550 meters north of an area where visible gold was observed in bedrock. The samples were analyzed by ALS Minerals' Laboratory in Vancouver, BC; gold results from these five samples are listed below:

Sample	Au g/t
2501	0.01
2503	6.89
2504	42.1
2505	3.05
2506	0.15

A line of 20 grab samples was collected over 120 meters running north-south approximately 130 meters due west of the rock samples described above. The samples were analysed by Bureau Veritas Commodities Canada Ltd.'s (ACME Lab) in Vancouver. Highlights from the grab samples assayed at 20.8 and 4.11 grams per tonne respectively.



Sample	Au g/t
3675	0.043
3676	0.563
3677	20.8
3678	4.11
3679	0.135
3680	0.289
3681	0.32
3682	0.016
3683	0.023
3684	0.155
3685	0.002
3686	0.063
3687	0.335

A third group of 18 one meter chip samples were collected across 18 meters of bedrock perpendicular to a felsic dyke 850 meters south of the first group and 300 meters south of the visible gold reported in the press release dated September 30, 2016. These samples were taken from bedrock, predominantly black, pyritiferous phyllite with abundant centimeter quartz veins making up 80% of the rock in places. The samples were analyzed by ALS Minerals' Laboratory in Vancouver, BC and although anomalous, did not show gold value greater than 2.41 grams per tonne.

Additionally, results of a British Columbia Provincial Geological Survey analysis of visible gold samples in the area are expected soon.

Readers are cautioned that the above results are from selected grab samples and in no way represent the true grade of the structure. There has been no drilling conducted on the Surprise Lake property.

Surprise Lake Property 2017 Exploration Program

In June 2017, Gray Rock announced the details of its 2017 exploration program at the Surprise Lake Property.

The 2017 program is following the recommendations in the Company's recent NI 43-101 technical report on the Surprise Lake Project, filed at www.sedar.com under the Company's profile.

The Company plans to spend \$200,000 on the first phase of a two-phase program. Phase one of the program will consist of the following five components:

1. Existing geology, topography, geochemistry and geophysics data will be imported into universal databases for compilation maps. All data formats will be transposed to a uniform coordinate system WGS 84. Databases will be updated on an on-going basis as new data becomes available.
2. Continuation of Grid sampling MMI will be merged with existing data to extend the coverage across the placer pit area and to the west of the Otter Creek valley. Coverage is anticipated to cover Otter Creek to Snake Creek. MMI is a geochemistry sampling technique that measure mobile metal ions that have migrated from depth and adhere to near surface soil grains.
3. Induced Polarization survey using dipole-dipole configuration with 25 'a spacing' on 100 meter lines. Measurements will be taken to 'n=8' for a nominal depth of investigation of 200



meters. Data will be processed on-site to create pseudo-sections in real time and 3D chargeability and resistivity bodies postprocessed during the survey execution period. Interpretation of the data may recommend modification to survey parameters and survey area.

4. Rock saw channel sampling of exposed bedrock in placer pit will be undertaken during non-active periods of the placer working. It is estimated that up to 200 m of channel sampling can be accomplished using one meter sample lengths. Sampling of bedrock at the base of the placer pit will also be bulk collected with a bulldozer rock ripper, excavator and ore truck. The bulk rock samples will be stockpiled cleaned, broken and selectively sampled.
5. Two field geologists will map rock exposures, with focus on detailed mapping of exposed place pit floor and regional geological mapping using the geological genetic model proposed by Mitch Mihalynuk, Senior Geologist at BCGS. The objective of the mapping is to resolve the gold emplacement mechanism, alteration, structure and genetic relationship to the Surprise Lake Batholith. Co-interpretation of the geochemical soil sampling and IP geophysics with the geology is anticipated to target the favorable geology and extent of the mineralization at Otter Creek and if possible, the relationship between the anomalous values found at Idaho Peak and Surprise showings.

Hot Bath Property Acquisition

In June 2017, Gray Rock announced that it had entered into a binding letter agreement with DeCoors Mining Corp. to acquire the Hot Bath Property, located near Dease Lake, British Columbia, comprising eleven mineral claims covering a total area of 3634.4383 hectares. The transaction was approved by the TSX Venture Exchange in August 2017.

The property was acquired by DeCoors in 2014, based on results from an airborne magnetic geophysical survey, rock geochemistry and geological mapping completed as part of Geoscience BC's Quest Northwest study. This study supports the interpretation of mid-Jurassic calc-alkaline intrusives that are known to be favorable host rocks for copper-gold mineralization.

Subsequent exploration work by DeCoors in 2015 and 2016, included 760 MMI geochemical samples, 12 line kilometers of Induced Polarization and 3.5 line kilometers of magnetometer geophysical data. This data identified an extensive area, 800 meters by 1 kilometer of coincident high chargeability geophysical values and anomalous MMI copper, and other indicator minerals in soils. During DeCoors' exploration program, an oxidized quartz-chalcopyrite vein near the centre of the MMI/IP anomaly was exposed and sampled. Rock samples from this vein returned values over 3% copper and 3 grams per tonne gold. These rock samples were selective and may not be indicative of the mineralization of the property.

Work to date on the property has identified three high priority, drill ready, copper-gold porphyry targets along with several other anomalies that remain open in all directions.

The geology as identified by Geoscience BC indicates a mid-Jurassic assemblage of calc-alkaline plutonic rocks of favorable composition to be mineralized. This coupled with high copper values from geochemical samples acquired coincident with the induced polarization geophysical anomalies, copper and gold found in outcrop rock samples and the circular magnetic feature; support the premise of a mineralized intrusive.



The terms of the agreement are as follows:

1. The Company may make three option payments to DeCoors by the issuance of common shares of Gray Rock in three installments up to a total of 1,500,000 shares over three (3) years, as follows:
 - (a) The first 150,000 shares on or before the first anniversary of the Approval Date (being August 3, 2018);
 - (b) The next 450,000 shares on or before the second anniversary of the Approval Date; and
 - (c) The balance of 900,000 shares on or before the third anniversary of the Approval Date.
2. DeCoors has reserved a 1.5% net smelter returns royalty (the "NSR") from commercial production; and
3. The Company may elect to reduce DeCoors' NSR to only 0.5% at any time prior to the commencement of commercial production, upon the payment to DeCoors of \$1,000,000.

Silver Stream Property

Located 25km northeast of Bralorne, B.C., in the Lillooet mining district of British Columbia, the Company holds 100% tenure in the Silver Stream I and II mineral claims (the "Silver Stream Property"). First explored in 1988, the Silver Stream Property has produced a number of anomalous-to-significant gold showings in sampling, trenching, and drilling. Although still an "early-stage" property, a July 2006 Technical Report filed on SEDAR states: *"...the nature of the mineralization seen in the known showings in the context of the Bridge River camp show the property has good potential to develop economic gold mineralization."*

The renowned Bralorne gold mine, which produced 4.1 million ounces of gold between 1932 and 1971, lies about 25 kilometers southwest of Silver Stream. The average grade of the Bralorne mine complex was 0.52 opt gold, and it remains the largest historic gold producer of the Canadian Cordillera.

Documented gold exploration on the Silver Stream Project, undertaken between 1987 and 2014, has involved approximately 1,759m of diamond drilling in 10 holes, hand and excavator trenching, mapping, rock geochemistry, and reconnaissance and grid soil geochemistry. Two significant zones of gold mineralization have been discovered, the Silverstream West and Southeast zones.

At June 30, 2017, mineral claims Silver Stream I and II remain in good standing.



Mineral Claim Lease Agreement

The Company has entered into a mining lease agreement for the Silver Stream II property with Saxifrage Geological Services Ltd. ("Saxifrage"). In accordance with the terms of the agreement, Saxifrage has agreed to pay the Company an annual rental of \$10,000 for a term of seven years, with the first payment due on December 12, 2015. On December 12, 2015, the parties agreed that the first annual rental payment of \$10,000 would be postponed, added to the succeeding annual rentals, and paid in equal annual installments of \$2,000 starting December 12, 2016. In addition, the Company granted Saxifrage an option to purchase the property for \$500,000 payable at any time during the term of the agreement, subject to a 5% Net Smelter Returns Royalty on metals and a 5% Gross Overriding Royalty on any jade production. Any future royalty payments due to the Company from Saxifrage after the exercise of option shall be reduced by \$500,000. On May 2, 2016, the parties further agreed that Deering and Saxifrage would perform exploration and development work of at least \$12,000 in value in lieu of the \$12,000 payment due on December 12, 2016.

Review of Operations

Three months ended June 30, 2017 compared with the three months ended June 30, 2016.

	2017	2016	Note
General and Administrative Expenses			
Administrative fees	\$ 7,939	\$ 5,422	
Automobile	53	26	
Consulting and management fees	17,500	-	1
Foreign exchange loss (gain)	20	(236)	
Interest and bank charges	104	26	
Listing and filing fees	8,340	3,198	2
Office and miscellaneous	2,742	2,080	
Professional fees	8,567	5,665	
Share-based compensation	203,300	-	3
Shareholder information	1,781	471	
Transfer agent fees	1,217	2,442	
Travel expenses	4,008	-	4
Operating Loss	(255,571)	(19,094)	
Other Items			
Fair value adjustment for promissory note payable	(12,596)	-	
Net Loss For The Period	(268,167)	(19,094)	5
Basic and Diluted Loss per Share	\$ (0.01)	\$ (0.00)	5
Weighted Average Number of Shares Outstanding	22,085,895	12,539,961	

1. During the three months ended June 30, 2017, consulting and management fees were \$17,500 compared to \$Nil for the quarter ended June 30, 2016. As a result of the acquisition of the Surprise Lake and Hot Bath properties, it was determined there was a need for additional expertise to manage the expanded operations of the Company.



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2. During the three months ended June 30, 2017, listing and filing fees were \$8,340 compared to \$3,198 for the comparable quarter in 2016. The increase of \$5,142 is due to additional filing fees incurred for the appointment of new directors, an increase in news releases and filing requirements during the period compared to 2016.
3. During the three months ended June 30, 2017, the Company granted 520,000 stock options to officers, directors, consultants, and employees. As a result, the Company recorded \$203,300 in share-based compensation. No options were granted in the comparable period in 2016.
4. During the three months ended June 30, 2017, travel expenses were \$4,008 compared to \$Nil during the quarter ended June 30, 2016. The increase in travel expenses is due to travel for investor relations purposes to the newly-acquired properties, as well as directors' attendance at the Company's annual general meeting in June 2017.
5. As a result of these increased expenses, net loss for the three months ended June 30, 2017, has increased by \$249,073 to \$268,167 compared to the quarter ended June 30, 2016. The increase in net loss did increase the loss per share to \$0.01 compared to \$0.00 for the same quarter in 2016.

Six months ended June 30, 2017 compared with the six months ended June 30, 2016.

	2017	2016	Note
General and Administrative Expenses			
Administrative fees	\$ 14,638	\$ 11,074	
Consulting and management fees	30,000	-	1
Foreign exchange loss (gain)	133	(21)	
Interest and bank charges	216	90	
Listing and filing fees	12,328	4,498	2
Office and miscellaneous	8,385	4,884	
Professional fees	12,105	8,165	
Share-based compensation	672,100	-	3
Shareholder information	14,773	1,242	4
Transfer agent fees	3,332	3,035	
Travel expenses	8,147	4	5
Operating Loss	(776,157)	(32,971)	
Other Items			
Fair value adjustment for promissory note payable	(17,373)	-	
Net Loss For The Period	(793,530)	(32,971)	6
Basic and Diluted Loss per Share	\$ (0.04)	\$ (0.00)	6
Weighted Average Number of Shares Outstanding	20,370,513	12,539,961	

1. During the six months ended June 30, 2017, consulting and management fees were \$30,000 compared to \$Nil for the six months ended June 30, 2016. As a result of the acquisition of the Surprise Lake and Hot Bath properties, it was determined there was a need for additional expertise to manage the expanded operations of the Company.



2. During the six months ended June 30, 2017, listing and filing fees were \$12,328 compared to \$4,498 for the comparable period in 2016. The increase of \$7,830 is due to additional filing fees incurred for the appointment of new directors, an increase in news releases and filing requirements during the period compared to 2016, as well as the private placement which occurred during Q1 2017.
3. During the six months ended June 30, 2017, the Company granted 1,985,000 stock options to officers, directors, consultants, and employees. As a result, the Company recorded \$672,100 to share-based compensation. No options were granted in the comparable period in 2016.
4. During the six months ended June 30, 2017, shareholder information costs were \$14,773 compared to \$1,242 for the comparable period ended June 30, 2016. The increase of \$13,531 was due to shareholder communications with regards to the acquisition of the Surprise Lake and Hot Bath properties, as well as redesign and update of Gray Rock's website. During the comparable period in 2016, only maintenance of the website occurred.
5. During the six months ended June 30, 2017, travel expenses were \$8,147 compared to \$4 during the comparable period 2016. The increase in travel expenses is due to travel for investor relations purposes to the newly-acquired properties and other conferences, as well as directors' attendance at the Company's annual general meeting in June 2017.
6. As a result of these increased expenses, net loss for the six months ended June 30, 2017, has increased by \$760,559 to \$793,530 compared to the six months ended June 30, 2016. The increase in net loss increased the loss per share to \$0.04 compared to \$0.00 for the same period in 2016.

Summary of Quarterly Results

Quarter ended	2017	2017	2016	2016	2016	2016	2015	2015
	Jun. 30 Q2	Mar. 31 Q1	Dec. 31 Q4	Sep. 30 Q3	Jun. 30 Q2	Mar. 31 Q1	Dec. 31 Q4	Sep. 30 Q3
Total Revenue	-	-	-	-	-	-	-	-
Net loss	(268,167)	(525,363)	(17,856)	(21,660)	(19,323)	(13,877)	(14,975)	(17,838)
Basic and diluted loss per Share	(0.01)	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	2,168,573	2,207,840	390,728	393,984	345,301	313,011	307,114	310,431

The overall increase in expenses during the first and second quarters of 2017, are a direct result of the Company granting 1,465,000 and 520,000 stock options, respectively, to officers, directors, consultants, and employees, and recognizing \$468,800 and \$203,300, respectively, in share-based compensation expense during the two periods. Due to the negotiation of the transaction with DeCoors, as well as several private placements, there was an overall increase in expenses during the second and third quarters of 2016, compared to other previous quarters. Historically, the Company has generally kept its operating expenditures consistent, and will continue to review ways to reduce costs into 2017. Management expects to continue to keep the operating costs of the Company to a minimum until such time as it resumes exploration activities.



Liquidity and Capital Resources

Historically, the Company has raised funds through equity financing to fund its operations. At June 30, 2017, the Company had a cash balance of \$171,509, working capital of \$138,482, and accumulated losses of \$2,632,056 since incorporation. The Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future. However, there can be no assurance that the Company will be able to obtain additional financing, or achieve profitability or positive cash flow. If the Company is unable to generate positive cash flow or obtain adequate financing, the Company will need to decrease its operations and exploration activities.

On February 16, 2017, the Company closed a non-brokered private placement of 1,000,000 units at a price of \$0.30 per unit for gross proceeds of \$300,000. Each unit consists of one (1) common share and one half (1/2) non-transferrable share purchase warrant. Each warrant will entitle the investor to purchase one additional common share in the capital of the Company at an exercise price of \$0.50 for a term of one year expiring on February 15, 2018.

On August 15, 2016, the Company closed a non-brokered private placement of 1,055,000 units at a price of \$0.05 per unit for gross proceeds of \$52,750. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant will entitle the investor to purchase one additional common share at \$0.10 for a term of two years expiring on August 15, 2018.

On July 6, 2016, the Company closed a non-brokered private placement of 2,500,000 units at a price of \$0.02 per unit with David Wolfin, the President and Chief Executive Officer and a director of the Company, for gross proceeds of \$50,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant will entitle the investor to purchase one additional common share at \$0.05 for a term of two years expiring on July 6, 2018.

The Company is reviewing other financing options to raise capital in 2017 to meet its current and future obligations and operating expenses.

The Company is in the exploration stage. The investment in and expenditures on the mineral properties comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.



Related Party Transactions

(a) Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the three and six months ended June 30, 2017 and 2016 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Salaries, benefits, and consulting fees	\$ 12,141	\$ 2,149	\$ 16,782	\$ 4,297
Share-based payments	160,000	-	488,000	-
	\$ 172,141	\$ 2,149	\$ 504,782	\$ 4,297

(b) Amounts due to related parties

In the normal course of operations the Company transacts with companies related to Gray Rock's directors or officers. All amounts payable are non-interest bearing, unsecured, and due on demand. As at June 30, 2017 and December 31, 2016, the following amounts were due to related parties:

	June 30, 2017	December 31, 2016
Oniva International Services Corp.	\$ 27,027	\$ -
Intermark Capital Corp.	2,625	-
Directors	833	-
	\$ 30,485	\$ -

(c) Promissory notes issued to related parties

As at June 30, 2017, \$197,005 (December 31, 2016 - \$197,005) was due to Oniva International Services Corp. ("Oniva"). The Company receives rent, office and administrative supplies, and services from Oniva, a private company related by common management.

At December 31, 2016, the Company and Oniva agreed to convert the amounts payable to a long-term promissory note payable that is non-interest bearing, unsecured, and due on demand after December 31, 2019.

The fair value of the promissory note at June 30, 2017 was \$146,590 (December 31, 2016 - \$138,175). The Company's calculations were performed using an interest rate of 12%, compounding quarterly over the three year period. The fair value adjustment of \$8,415 (2016 - \$Nil) was recognized in other expenses during the six months ended June 30, 2017.

The Company entered into a loan agreement with one of its directors. At December 31, 2016, \$30,000 of the loan payable was converted into a long-term promissory note payable. The note payable is non-interest bearing, unsecured, and is due on demand after December 31, 2019.

The fair value of the promissory note at June 30, 2017 was \$Nil (December 31, 2016 - \$21,042). During the six months ended June 30, 2017, the Company repaid the loan in full, and recognized a fair value adjustment of \$8,958 (2016 - \$Nil) in other expenses.



(d) Related party transactions

During the six months ended June 30, 2017, \$34,186 (2016 - \$22,487) was charged for office, occupancy, miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva. Further, the Company paid \$867 of administrative fees (2016 - \$633) to Oniva and \$500 (2016 - \$Nil) for reimbursement of mineral claim taxes, license fees, and staking.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

Critical Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period they become known.

Financial Instruments

The Company's financial instruments include cash, investment in marketable securities, trade and other payables, and amounts due to related parties. The carrying values of these financial instruments approximate their fair values due to their short term nature. The Company is not exposed to significant interest, credit, or currency risk arising from these financial instruments.

The Company's financial instruments are exposed to certain financial risks comprising credit risk, liquidity risk and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with a single Canadian financial institution.



(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company had cash in the amount of \$171,509 (December 31, 2016 - \$51,287) in order to meet short-term business requirements. At June 30, 2017, the Company had current liabilities of \$42,999 (December 31, 2016 – \$30,985). Accounts payable have contractual maturities of approximately 30 to 90 days, or are due on demand and are subject to normal trade terms.

The maturity profiles of the Company's contractual obligations and commitments as at June 30, 2017, are summarized as follows:

	Total	Less Than 1 Year	1-5 years	More Than 5 Years
Accounts payable and accrued liabilities	\$ 12,514	\$ 12,514	\$ -	\$ -
Due to related parties	227,490	30,485	197,005	-
Total	\$ 240,004	\$ 42,999	\$ 197,005	\$ -

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

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

The Company's cash is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

At this time, the Company is not exposed to significant foreign currency risk, as the Company currently has minimal transactions and balances in currencies other than the Canadian dollars.



Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk with respect to its investment in marketable securities, as they are carried at fair value based on quoted market prices.

(d) Classification of Financial instruments

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

The following table sets forth the Company’s financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as at June 30, 2017:

	Level 1	Level 2	Level 3
Cash	\$ 171,509	\$ -	\$ -
Investments	4,136	-	-
	\$ 175,645	\$ -	\$ -

Risks

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company’s future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.



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For the Six Months ended June 30, 2017

Outstanding Share Data

The Company's authorized share capital consists of unlimited common shares without par value.

As at August 23, 2017, the following common shares, warrants and stock options were outstanding:

	Number of shares	Exercise price	Remaining life (years)
Share capital	22,319,961	-	-
Warrants	3,905,000	\$0.05 - \$0.50	0.63 – 1.13
Stock options	1,985,000	\$0.39 - \$0.44	1.88 – 4.98
Total	27,689,961		

The following are details of outstanding warrants as at June 30, 2017, and August 23, 2017:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (June 30, 2017)	Number of Underlying Shares (August 23, 2017)
February 15, 2018	\$0.50	500,000	500,000
July 6, 2018	\$0.05	2,500,000	2,500,000
August 15, 2018	\$0.10	905,000	905,000
Total:		3,905,000	3,905,000

The following are details of outstanding stock options as at June 30, 2017, and August 23, 2017:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (June 30, 2017)	Number of Shares Remaining Subject to Options (August 23, 2017)
May 19, 2019	\$0.39	50,000	50,000
June 26, 2019	\$0.44	70,000	70,000
February 23, 2022	\$0.39	1,465,000	1,465,000
June 23, 2022	\$0.44	400,000	400,000
Total:		1,985,000	1,985,000

Application of new and revised accounting standards

Changes in accounting standards not yet effective

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective. The following accounting standards were issued but not yet effective as of June 30, 2017:



IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step model framework for the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected-loss' impairment model, as well as a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

IFRS 7 Financial Instruments – Disclosure

IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its condensed consolidated interim financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at June 30, 2017 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized, and reported within the time period specified in those rules and regulations.



Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position, and plans for the future based on facts and circumstances as of August 23, 2017. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.