

**92 RESOURCES CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED MARCH 31, 2017**

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## **92 RESOURCES CORP.**

Management's Discussion and Analysis

For year ended March 31, 2017

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July 25, 2017

### **Overview**

The following is a management's discussion and analysis ("MD&A") of 92 Resources Corp. (the "Company" or "92 Resources"), prepared as of July 25, 2017. This MD&A should be read together with the audited financial statements for the year ended March 31, 2017 and related notes which are prepared in accordance with International Financial Reporting Standards ("IFRS").

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions that are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of March 31, 2017 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to 92 Resources Corp. is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **The Company's Business**

The Company was incorporated on May 10, 2007, under the British Columbia *Business Corporations Act*. On June 10, 2014, the Company's common shares were consolidated on a five old for one new share basis and the Company's name was changed from Rio Grande Mining Corp. to **92 Resources Corp.**

The Company is domiciled in Canada and is a reporting issuer in British Columbia and Alberta, with its common shares publicly traded on the TSX Venture Exchange (the "Exchange") under the stock symbol "NTY". The address of its head office is Suite 1400, 1111 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4M3.

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The principal business of the Company is the identification, evaluation and acquisition of exploration and evaluation properties, as well as exploration of those properties once acquired. At March 31, 2017, the Company had not yet determined whether any properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

**Hidden Lake Lithium Property**

On February 16, 2016, the Company entered into an Agreement (the "Agreement") with DG Resource Management Ltd. ("DG Resource"), Zimtu Capital Corp. ("Zimtu") and Michael V. Sklaventis ("MS") for an option to acquire interest in two mineral claims consisting of 1,100 hectares, located northeast of Yellowknife, Northwest Territories. Under the terms of the Agreement, the Company could earn 100% interest by paying cash of \$85,000, issuing 4,000,000 common shares and completing \$500,000 in exploration expenditures as follows:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>
Upon closing (paid)	-	5,000 <sup>(1)</sup>	-
Upon regulatory approval of the Agreement (issued)	2,000,000 <sup>(2)</sup>	-	-
30 days after regulatory approval of Agreement (paid)		45,000 <sup>(3)</sup>	-
12 months after regulatory approval of the Agreement (paid; issued)	2,000,000 <sup>(2)</sup>	35,000 <sup>(3)</sup>	-
On or before September 30, 2016 (incurred)	-	-	250,000
On or before May 31, 2017	-	-	250,000
<b>Total</b>	<b>4,000,000</b>	<b>85,000</b>	<b>\$500,000</b>

<sup>(1)</sup> Non-refundable deposit paid to DG Resources upon execution of the Agreement

<sup>(2)</sup> Issuable 50% to DG Resource, 25% to Zimtu and 25% to MS

<sup>(3)</sup> Payable to DG Resources

The regulatory approval related to the Hidden Lake Lithium Agreement was obtained from the TSXV on April 21, 2016.

Hidden Lake Property is subject to 2% Net Smelter Royalty with respect to the production of all material from the property, 1% of which can be purchased back from DG Resource by the Company within 5 years of the regulatory approval for \$2,000,000.

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**Pontax Lithium Property**

On 25 July 2016, the Company entered into an agreement (the "Pontax Agreement") with DG Resource and MS for an option to acquire 100% interest in 104 mineral claims consisting of 5,536 hectares near Eastmain, Quebec by paying cash of \$50,000 and issuing 3,000,000 common shares as follows:

	<b>Common Shares</b>	<b>Cash</b>
	<b>#</b>	<b>\$</b>
Upon execution (paid)	-	12,500 <sup>(1)</sup>
Upon regulatory approval of the agreement (issued)	1,500,000 <sup>(2)</sup>	-
Within 60 days of regulatory approval (paid)	-	12,500 <sup>(3)</sup>
1 year after regulatory approval of the agreement	1,500,000 <sup>(2)</sup>	25,000 <sup>(3)</sup>
<b>Total</b>	<b>3,000,000</b>	<b>50,000</b>

<sup>(1)</sup> Non-refundable deposit paid to DG Resource upon execution of the Pontax Lithium Agreement

<sup>(2)</sup> #1,000,000 issuable to DG Resource and #500,000 issuable to MS

<sup>(3)</sup> Payable to DG Resource

Regulatory approval for the Pontax Agreement was obtained on 20 September 2016.

The Pontax Agreement is subject to a 3% Net Smelter Royalty ("NSR"). The Company can purchase 1.5% NSR within 5 years of regulatory approval by paying \$2,000,000 to DG Resource.

**Upper Ross Lake Property**

On 7 July 2016, the Company staked 2 claims totaling 57 hectares in Upper Ross Lake, Northwest Territories.

**ZimFrac Property**

On January 27, 2014, the Company entered into a sale and purchase agreement with Cannon Bridge Capital Corp. and Zimtu Capital Corp. (collectively, the "Vendors") to purchase from the Vendors a 100% interest in certain silica claims located near Golden, BC in consideration for the issuance of 400,000 common shares (2,000,000 pre-consolidated common shares) at a deemed price of \$0.25 per share (200,000 common shares to each of the Vendors), subject to a 2% NSR (the "ZimFrac Agreement"). The ZimFrac Agreement was accepted by the TSXV on February 6, 2014 and the shares were issued on the same day with a fair value of \$100,000. The Company also issued 40,000 common shares (200,000 pre-consolidated common shares) with a fair value of \$0.25 (\$0.05 pre-consolidated) per share as finder's fee. The Company can purchase up to 1% NSR by paying an aggregate sum of \$1,000,000 (\$500,000 to each of Cannon and Zimtu).

On 13 March 2017, the Company entered into an agreement (the "Golden Frac Sand Agreement") with Dahrouge Geological Consulting Ltd. ("Dahrouge") and DG Resource Management Ltd. ("DG Resource") to purchase a 100% interest in certain mineral claims located near Golden, BC (the "Golden Fracs Sand Property") to expand the size of the ZimFrac Property. In consideration, the Company paid \$40,000 (\$20,000 payable to Dahrouge and \$20,000 payable to DG Resource) within five days of signing the Golden Frac Sand Agreement on 17 March 2017.

The property has a Gross Over-Riding Royalty of 2% payable to DG Resource in the revenue from the sale of the production. The Company can purchase 1% of the GORR for \$2,000,000 at any time.

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**Mitchell Lake Property**

On April 15, 2014, the Company entered into an agreement (the "Mitchell Lake Agreement") with Unity Energy Corp. ("Unity") for an option to acquire interest in certain mineral claims consisting of 2,354 hectares, located in the southeastern Athabasca Basin, Saskatchewan known as the Mitchell Lake Uranium Project. Under the terms of the Mitchell Lake Agreement, the Company could earn a 50% interest by paying to Unity \$100,000 within 12 months of TSXV approval and completing \$3,000,000 in exploration expenditures over a four-year period.

The Mitchell Lake Agreement was accepted by the TSXV on August 13, 2014.

On March 1, 2016, the obligation to pay \$100,000 to Unity was amended to a \$50,000 payment due on April 15, 2017, which was paid in full on 16 February 2017.

On July 10, 2017, the Company and Unity mutually agreed to terminate this agreement, and the Company wrote the value of the property down to \$Nil as at 31 March 2017.

**SELECTED ANNUAL INFORMATION**

(\$000's except loss per share)

The following is a summary of the Company's financial results for the eight most recent quarters:

Year Ended	March 31, 2017	March 31, 2016	March 31, 2015
Revenue	\$ -	\$ -	\$ -
Net Loss	(964)	(461)	(398)
Basic and Diluted Loss Per Share	(0.02)	(0.02)	(0.04)
Total Assets	2,103	224	187
Long-Term Debt	-	-	-
Dividends	-	-	-

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**SUMMARY OF QUARTERLY RESULTS**

(\$000's except loss per share)

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended	Revenue	Loss for the period	Basic and diluted loss per share
June 30, 2015	\$ Nil	\$ 82	\$ 0.01
September 30, 2015	Nil	92	0.01
December 31, 2015	Nil	146	0.01
March 31, 2016	Nil	141	0.01
June 30, 2016	Nil	214	0.01
September 30, 2016	Nil	177	0.01
December 31, 2016	Nil	173	0.00
March 31, 2017	Nil	400	0.01

**RESULTS OF OPERATIONS***Three Months ended March 31, 2017*

The Company incurred a net loss of \$400,563 for the three months ended March 31, 2017, as compared to \$140,998 for the three months ended March 31, 2016. Total expenses of \$400,563 for the three months ended March 31, 2017, related primarily to advertising fees, consulting fees, management and administration fees, share based payments and promotion fees. During the corresponding period last year, the majority of the costs included consulting fees, management and administration fees, and travel expenses.

All other costs in the current period are comparable to that of the corresponding period in 2016.

*Year ended March 31, 2017*

The Company incurred a net loss of \$964,246 for the year ended March 31, 2017, as compared to \$461,306 for the year ended March 31, 2016. Total expenses of \$964,246 for the year ended March 31, 2017, related primarily to advertising fees, consulting fees, management and administration fees, professional fees and share-based payments.

During the year, there was a significant increase in advertising fees to \$288,742 (2016 - \$66,533) as the Company had adequate cash to expend on advertising and promotion of its exploration activities. During the year, the Company recorded share-based payments of \$220,957 (2016 - \$49,328) related to stock options issued and vested in May, August 2016 and March 2017. There was an increase in investor communications to \$10,821 (2016 - \$3,431) reflecting the Company's continued efforts to raise funds and promote its exploration activities to continue its operations. There was a decrease in professional fees to \$42,188 (2016 - \$54,176) due to decrease in legal fees. There was an increase to management and administration fees to \$179,505 (2016 - \$120,000) as a result of salaries increases for management during the year. There was a decrease in rent and property taxes to \$12,176 (2016 - \$14,395) as a result of reduced monthly rent from renegotiation of rent terms. The Company also recognized an impairment loss of \$75,000 in relation to Mitchell Lake Property.

All other costs in the current period are comparable to those of the corresponding 2016 year.

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### LIQUIDITY AND CAPITAL RESOURCES

- On April 1, 2016, the Company amended the agreements related to key management compensation.
- On April 15, 2016, the Company closed a non-brokered private placement financing for gross proceeds of \$109,500 by issuing 2,190,000 units at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will permit the holder to acquire one additional common share at a price of \$0.10 per share until April 18, 2018. Value is allocated to the warrants using the residual method. The Company recognized \$NIL as the fair value of warrants and \$109,500 as the fair value of common shares. In connection with the private placement, the Company paid a finder's fee of \$3,200 in cash and issued 64,000 agents warrants to Mackie Research Capital Corporation. Each agent warrant is exercisable to acquire one additional common share for a period of two years from the date of issuance at an exercise price of \$0.05 per share.
- On April 27, 2016, the Company issued 2,000,000 common shares valued at \$0.09 per share in accordance to the Hidden Lake Lithium Agreement.
- On May 4, 2016, the Company granted a total of 1,275,000 stock options to consultants. Each stock option is exercisable into one additional common share at \$0.10 per share until May 4, 2021. All options vest when granted unless otherwise specified by the Board of Directors.
- On June 8, 2016, the Company paid outstanding interest on a loan from an unrelated party in full.
- On July 18, 2016, a total of 216,667 share purchase warrants expired with an exercise price of \$0.10.
- On July 19, 2016, a total of 1,896,800 share purchase warrants with exercise price of \$0.50 expired.
- On July 30, 2016, a total of 286,000 share purchase warrants expired with an exercise price of \$0.50.
- On August 31, 2016, the Company granted a total of 500,000 stock options to a consultant. Each stock option is exercisable into one additional common share at \$0.16 per share until August 31, 2018 and vested on the date of grant. On March 21, 2017, the Company amended the exercise price of these stock options to \$0.115 per share.
- On September 19, 2016, the Company issued 1,500,000 common shares valued at \$0.19 per share in accordance with the Pontax Agreement.
- On February 24, 2017, the Company closed a non-brokered private placement financing for gross proceeds of \$895,200 by issuing 7,460,000 non-flow-through ("NFT") units at a price of \$0.10 per unit and 1,243,333 flow-through ("FT") units at a price of \$0.12 per unit. Each NFT unit consists of one NFT common share and one non-transferable share purchase warrant. Each warrant will permit the holder to acquire one additional NFT common share at a price of \$0.15 per share until 24 February 2019. Each FT unit consists of one FT common share and one-half of one transferable share purchase warrant. Each whole warrant will permit the holder to acquire one additional NFT common share at a price of \$0.15 per share until 24 February 2019. Value is allocated to the

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warrants using the residual method. The Company recognized \$NIL as the fair value of warrants and \$895,200 as the fair value of common shares. In connection with the private placement, the Company paid a finder's fee of \$21,000 in cash, incurred share issuance costs of \$5,226 and issued 35,000 agents warrants to PI Financial Corporation. Each agent warrant is exercisable to acquire one additional NFT common share for a period of two years from the date of issuance at an exercise price of \$0.15 per share.

- On March 17, 2017, the Company granted a total of 650,000 stock options to an officer and consultants. Each stock option is exercisable into one additional common share at \$0.115 per share until March 17, 2020 and vested on the date of grant.
- On March 21, 2017, the Company re-priced 500,000 stock options issued to a consultant to \$0.115 per share. The options were granted on August 31, 2016 and expire on August 31, 2018.
- During the year ended March 31, 2017, the Company issued 955,000 common shares in accordance with the exercise of stock options for proceeds of \$57,000. On exercise, the Company transferred \$36,658 from reserves to share capital.
- During the year ended March 31, 2017, the Company issued 13,211,700 common shares in accordance with the exercise of warrants for proceeds of \$1,110,169. On exercise, the Company transferred \$62,148 from reserves to share capital.

As at March 31, 2017, the Company had cash and cash equivalents of \$963,627 and working capital of \$954,835. Some of the factors affecting the Company's liquidity are:

- The Company will have to incur ongoing costs to maintain its properties and plans to undertake exploration programs that will consume cash.
- As disclosed in note 7 of the March 31, 2017 financial statements, the Company must make option payments and complete minimum exploration expenditures if it is to retain its properties.
- As at March 31, 2017, the Company had 10,534,026 share purchase warrants outstanding at exercise prices between \$0.05 and \$0.15 per share.
- As at March 31, 2017, the Company had 2,667,000 stock options outstanding at exercise price between \$0.10 and \$0.25 per share.

As at March 31, 2017, the Company had not advanced its exploration and evaluation properties to commercial production. The Company's continuation as a going concern is dependent upon successful results from exploration activities on its mineral properties and its ability to attain profitable operations and generate cash from its operations in the foreseeable future. As at March 31, 2017, the Company has accumulated losses of \$5,606,689 since inception, and is expected to incur further losses in the development of its business. The Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

## **RELATED PARTY TRANSACTIONS**

During the period ended March 31, 2017, the Company incurred the following related party transactions measured at exchange amounts, which were the amounts agreed upon by the transacting parties and are on terms and conditions similar to those for arm's length transactions:

- Share-based payments of \$26,608 (2016 - \$Nil) and management fees of \$102,100 (2016 - \$78,000) were incurred to an officer and director of the Company.

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- Share-based payments of \$26,608 (2016 - \$Nil), consulting fees of \$Nil (2016 - \$3,000) and management fees of \$77,405 (2016 - \$42,000) were incurred to a company controlled by an officer and director of the Company.
- Share-based payments of \$21,618 and consulting fees of \$3,750 (2016 - \$Nil) were incurred to a company controlled by an officer of the Company.
- Share-based payments of \$19,956 (2016: \$Nil) were incurred to directors of the Company.
- Interest recovery of \$Nil (2016 - \$145) were accrued on a loan from a company controlled by an officer and director of the Company.

### **Key management personnel compensation**

The Company considers its President, Chief Executive Officer, Chief Financial Officer and directors and officers to be key management. During the year ended March 31, 2017, the Company incurred \$278,045 (2016 - \$123,000) on compensation.

### **COMMITMENTS**

The Company has certain commitments to make cash payments and/or issue common shares related to certain exploration and evaluation property agreements.

The Company has certain commitments related to key management compensation for \$12,500 per month with no specific expiry of terms.

### **CHANGES IN ACCOUNTING POLICIES**

The IASB issued a number of new and revised IASs, IFRSs, amendments and related IFRICs which are effective for the Company's financial year beginning on April 1, 2016. The Company has adopted all the following new standards relevant to the Company for the year ended March 31, 2017.

- IAS 1 '*Presentation of Financial Statements*' is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after January 1, 2016.
- IAS 16 '*Property, Plant and Equipment*' is an amendment to clarify acceptable methods of depreciation and amortization whereby a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amendment is applicable to annual periods beginning on or after January 1, 2016.

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- IAS 28 '*Investments in Associates and Joint Ventures*' is an amendment that clarifies that an entity need not apply the equity method to its investment in an associate or joint venture the parent is the ultimate parent of the entity in which subsidiaries are consolidated or are measured at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2016.
- IFRS 7 '*Financial Instruments: Disclosures*' clarifies the definition for continuing involvement in a transferred financial asset. The amendments are effective for annual periods beginning on or after January 1, 2016.
- IFRS 10 '*Consolidated Financial Statements*' clarifies the conditions for a parent to present consolidated financial statements and for investment entities, and treatment for loss of control of a subsidiary that does not contain a business. The amendments are effective for annual periods beginning on or after January 1, 2016.
- IFRS 11 '*Joint Arrangements*' is an amendment to clarify accounting for acquisition of interest in a joint operation. The amendment is applicable to annual periods beginning on or after January 1, 2016.

The adoption of the above standards did not have a material impact on the Company's consolidated financial statements.

The IASB and IFRIC have issued the following new and revised standards and amendments, which are not yet effective for the year ended 31 March 2017.

- IAS 7 '*Statement of Cash Flows*' is applicable for annual periods beginning on or after January 1, 2017.
- IAS 12 '*Income Taxes*' is applicable to annual periods beginning on or after January 1, 2017.
- IAS 28 '*Investments in Associates and Joint Ventures*' is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The amendment is applicable for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted. As part of the annual improvements 2014 - 2016 cycle, this standard was amended to clarify whether an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organization, or a mutual fund, unit trust or similar entities including investment linked insurance funds. The latter amendment is applicable for annual periods beginning on or after January 1, 2018.

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- IFRS 2, '*Share-based payment*' issued in June 2016, is applicable for annual periods beginning on or after January 1, 2018.
- IFRS 9 '*Financial Instruments: Classification and Measurement*' is applicable for annual periods beginning on or after January 1, 2018.
- IFRS 10 '*Consolidated Financial Statements*' amendments are applicable for annual periods beginning on or after a date to be determined by the IASB.
- *IFRS 7 – 'Financial instruments: Disclosure'* 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 commencing on or after January 1, 2018.
- *IFRS 16 – 'Leases'* was issued on January 13, 2016, 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 has not early adopted these standards and amendments and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any material off-balance sheet arrangements.

### **PROPOSED TRANSACTIONS**

None

### **CRITICAL ACCOUNTING ESTIMATES**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year and are discussed in the financial statements.

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### **FINANCIAL INSTRUMENTS**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at March 31, 2017, the Company does not have any Level 3 financial instruments.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, loan receivable, trade and other payables and loans payable.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

#### **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 and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company considers its exposure to interest rate risk to be not significant.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet its short-term financial obligations.

### **RISKS AND UNCERTAINTIES**

The more significant risks and uncertainties not discussed elsewhere in this MD&A include:

#### **Financing Risk**

The Company will need to continue raising funds to finance its operations and exploration activities. There is no certainty that the Company will be able to raise money on acceptable terms or at all.

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### **Exploration Risk**

Exploration for mineral resources involves a high degree of risk. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. Few explored properties are ultimately developed into producing mines. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several different exploration prospects in a number of favorable geologic environments.

### **Metal Price Risk**

Even if the Company's exploration programs are successful in locating economic deposits of minerals or precious metals, factors beyond the Company's control may affect the value and marketability of such deposits. Natural resource prices have wide historic fluctuations due to many factors, including inflation, currency fluctuations, interest rates, consumption trends and local and worldwide financial market conditions. The prices of such natural resources greatly affect the value of the Company and the potential value of its properties. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

### **Environmental Risk**

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenditures.

### **OUTSTANDING SHARE DATA**

As at the date of this MD&A there were:

- A total of 55,874,956 common shares issued and outstanding.
- Warrants to purchase the following:
  - up to 325,000 common shares at \$0.10 per share and exercisable until January 8, 2018;
  - up to 1,398,360 common shares at \$0.10 per share and exercisable until March 17, 2018; and
  - up to 630,000 common shares at \$0.10 per share and exercisable until April 18, 2018; and
  - up to 64,000 common shares at \$0.05 per share and exercisable until April 18, 2018.
  - up to 8,116,666 common shares at \$0.15 per share and exercisable until February 24, 2019
- Stock options to purchase the following:
  - up to 142,000 common shares at \$0.25 per share until January 17, 2019;
  - up to 250,000 common shares at \$0.12 per share until October 15, 2019;
  - up to 1,125,000 common shares at \$0.10 per share until May 4, 2021;
  - up to 500,000 common shares at \$0.115 per share until August 31, 2018;
  - up to 650,000 common shares at \$0.12 per share until March 17, 2020; and
  - Up to 1,150,000 common shares at \$0.08 per share until May 15, 2020.

The maximum number of shares potentially issuable is therefore 14,351,026.

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**SUBSEQUENT EVENTS**

On April 19, 2017, the Company issued 2,000,000 common shares in accordance with the Hidden Lake Lithium Agreement.

On April 25, 2017, the Company paid \$35,000 in connection to the Hidden Lake Lithium Agreement for the second and last property payment subsequent to year end.

On May 15, 2017, the Company granted a total of 1,150,000 stock options to officers and directors. Each stock option is exercisable into one additional common share at \$0.08 per share until May 15, 2020. All options have been granted under and are governed by the terms of the Company's incentive stock option plan and are subject to a four month and one day hold period.

On July 10, 2017, the Company and Unity mutually agreed to terminate the Mitchell Lake Agreement.

*ADDITIONAL INFORMATION*

Additional information related to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).