



# **SENATOR MINERALS INC.**

2200 – 885 West Georgia St., Vancouver, BC V6C 3E8  
SNR: TSX-V

## **MANAGEMENT DISCUSSION & ANALYSIS**

**For the Six Months Ended June 30, 2017**

**Date Prepared: August 28, 2017**

### **General**

The following management, discussion and analysis ("MD&A") for Senator Minerals Inc. ("Senator" or the "Company") for the six months ended June 30, 2017 should be read in conjunction with the Company's Consolidated Interim Financial Statements for the six months ended June 30, 2017 and the Company's Audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2016. The Consolidated Interim Financial Statements together with the following MD&A are intended to provide readers with reasonable basis for assessing the financial performance of the Company.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. Financial statements and summary information derived therefrom are prepared in accordance with International Financial Reporting Standards ("IFRS").

### **Forward Looking Information**

Information set forth in this MD&A may involve forward looking information under applicable securities laws. Forward looking information is information that relates to future, not past, events. In this context, forward looking information often addresses expected future business and financial performance, and often contains words such as "anticipate", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the future expenditures and capital needs of the Company and the future exploration on, and the development of, the Company's projects are forward looking information. By its nature, forward looking information involves known and unknown risks, uncertainties and other factors which may cause Senator's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward looking information. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors, promoters with certain other projects; the absence of dividends; competition; dilution; the volatility of the Company's common share price and volume and the additional risks identified in the "Risk Factors" section of this MD&A, and other reports and filings with applicable Canadian securities regulations.

Forward looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long-term price of commodities; that the Company can access financing, appropriate equipment and sufficient labor and that the political environment will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward looking information. Accordingly, readers are advised not to place undue reliance on forward looking statements. Forward looking

information is made based on management's beliefs, estimates and opinions on the date that information is given and the Company does not intend to update forward looking statements or information, except as may be required by applicable law.

### **Description of Business and Overview**

The Company was incorporated in the Province of Ontario and continued into the Province of British Columbia, is listed on the TSX Venture Exchange (symbol: "SNR"), and has its principal, registered and records office at 2200 – 885 West Georgia Street, Vancouver, B.C. V6C 3E8.

The Company is in the business of acquiring, exploring and evaluating mineral resource properties, and either joint venturing or exploring and evaluation these properties further or disposing of them when the evaluation is completed.

### **Material Events/Transactions since December 31, 2014**

On August 24, 2015, the Company entered into an option agreement with an arm's-length vendor, which has an underlying option agreement with St. Jacques Minerals Corp., to acquire a 100% interest in the Pardoe Lake uranium project. The project is located in the Wollaston Domain of Northern Saskatchewan, approximately 30 kilometers southeast of the Athabasca Basin. Under the terms of the agreement, the Company can earn a 100% interest in the project by paying \$7,500 (paid) to the vendor within 30 calendar days upon signing, with an additional \$22,500 due in 24 months.

On August 27, 2015, the Company announced that it has completed the sale of its wholly-owned subsidiary, Senator Minerals US Inc., to an arm's length buyer for total consideration of \$50,863, consisting of \$10,000 cash and forgiveness of \$40,863 in debt incurred to keep the subsidiary and its assets in good standing.

On September 25, 2015, the Company completed a split of its common share capital on a 3-to-1 basis. Shareholders of the Company received an additional two common shares of the Company for every one share they presently hold.

On February 7, 2017, the Company has entered into an agreement with an arm's-length vendor to acquire a 100-per-cent interest in the Patterson North East (PNE) uranium project, located on the east side of the Athabasca basin in Northern Saskatchewan, the most productive uranium-producing region in the world.

Through the transaction, the Company can earn a 100-per-cent interest in the PNE project by making payments of \$150,000 to the vendor at various times in year one, a further \$250,000 on the first anniversary and a final payment of \$500,000 on the second anniversary of the transaction. As at June 30, 2017, \$15,000 was paid to the optionor.

On May 1, 2017, the Company has elected to increase the size of its previously announced on March 9, 2017 at 1,100,000 common shares. The Company will conduct a placement of up to 2.5 million common shares at a price of \$1 per share, for gross proceeds of up to \$2.5-million.

On April 24, 2017, the Company has entered into a letter of intent with Gunnar Minerals Corp. ("Gunnar") pursuant to which it proposes to acquire a controlling interest in Gunnar in consideration for a cash payment of Cdn\$500,000. Gunnar holds the rights to acquire the Carter Lake Uranium Project, located in the southwestern corner of the Athabasca basin, Saskatchewan. The project covers approximately 1,113 hectares on the Carter Lake corridor, an exploration zone adjacent to the prolific Patterson Lake corridor, which hosts two of the most significant uranium deposits in the basin: Nexgen's Arrow deposit and Fission's Patterson Lake South deposit.

On June 6, 2017, the Company has entered into a standstill agreement with Gunnar Minerals Corp. pursuant to which Gunnar Minerals has agreed that the Company will have the exclusive right to acquire a controlling interest in the Carter Lake uranium project. The standstill allows the Company to continue to

move forward with due diligence on the project with a view to completing the acquisition in the near term.

As part of the Company's due diligence of the acquisition of the Carter Lake uranium project, the Company has engaged Canexplor Management Ltd. to oversee a preliminary investigation of the property. The program will be composed of an aerial survey, as well as a radon gas collection grid, along the primary extent of the interpreted subsurface conductors. Radon gas is a daughter product of the decomposition of uranium and a specific indicator of the presence of radioactive materials.

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

### **Exploration and Evaluation Assets**

On January 13, 2014, the Company acquired an option to earn an undivided 100% interest in the Harbey Gold Project, British Columbia. The option can be earned by paying \$130,000 (paid upon signing the agreement) and completing \$3,500,000 in exploration expenditures within three years from the date of signing the agreement. A 1% net smelter royalty ("NSR") interest can be purchased at any time by the Company for a payment of \$1,500,000. During the year ended December 31, 2016, the Harbey Gold project claim lapsed.

The Company's oldest exploration interest is its 100% interest in the Taurus property, a porphyry copper-molybdenum-gold deposit in the Tintina Gold Belt in southeastern Alaska, being part of the White Gold mineral trend centered in the Yukon. The Taurus property was the most significant property in Senator's portfolio in the mid-1990s, with substantial previous work by majors before Senator (known then as Cross Canada Resources). The property was lost but re-acquired on a 100% basis in 2004. Because of the perceived size and projected costs of exploration of Taurus the Company is weighing alternatives available to it, ranging from financing further work to enhance the value of the project to finding a major company to earn an interest in the property. During the year ended December 31, 2015, the Company sold its subsidiary which held its interest in the Taurus project.

During exploration for gold on Ivanhoe Creek, one of Senator's optioned Nevada properties, a bentonite deposit of undetermined size was discovered. Consequently, seven placer claims were staked in order to acquire the right to exploit this deposit in the event it proves economic. In April 2012, Senator sold its 50% interest in the IC Bentonite claims for a nominal \$100 and retained a 3% Production Royalty in the property.

In an acquisition finalized and announced May 31, 2011, the Company acquired a 100% interest in the 20 claim Rosebud property, Mohave County, Arizona. A 100% interest in the property, net of a 3% Net Smelter Returns ("NSR"), was optioned to an arms-length private company, IDH Gold LLC ("IDH Gold"), on March 6, 2012 (Initial payment of \$15,000US (received)). The optionor was also required to make further option payments as follows: \$15,000US on March 6, 2013 (received); \$25,000US on March 6, 2014 (received); and \$75,000US on March 6, 2015 (not yet received to date). Lastly, IDH Gold has agreed to pay the Company up to \$210,000US in common shares of IDH Gold if and when it obtains a common share listing on a recognized Canadian or US stock exchange. IDH Gold may also repurchase up to one percentage point of the NSR for a series of payments, totaling \$110,000US up to the fourth anniversary (The payment of \$20,000US on the second anniversary can be made by paying either \$20,000US cash or \$40,000US worth of IDH Gold common shares within 3 days of IDH Gold being listed on an acceptable stock exchange.) of the Agreement or by paying \$900,000US at any time up to the date of first commercial production from the property.

IDH Gold did not make the required payments on March 6, 2015 and defaulted on its obligations under the option agreement.

Effective April 29, 2013, in consideration of the termination and cancellation of various service agreements, the Company assigned the rights to any future payments received from IDH Gold, in connection with this option agreement, to a former director.

During the year ended December 31, 2015, the Company sold its subsidiary which held its interest in the

Rosebud Property.

Ownership of mineral property interests may involve certain risks due to difficulties in determining the validity of certain claims as well as the potential for problems arising from the ambiguous conveyancing history characteristic of some mineral properties. The Company had investigated ownership of the mineral properties in which it has an interest and, to the best of its knowledge, all properties are in good standing.

It is the Company's policy to expense exploration and evaluation expenditures as incurred.

***Patterson North East (PNE) Uranium Project, Northern Saskatchewan***

On February 7, 2017, the Company entered into an option agreement to acquire a 100-per-cent interest in the Patterson North East (PNE) uranium project, located on the east side of the Athabasca basin in Northern Saskatchewan.

The Company can earn a 100-per-cent interest in the PNE by making payments of \$150,000 to the vendor at various times in year one, a further \$250,000 on the first anniversary and a final payment of \$500,000 on the second anniversary of the agreement. As at June 30, 2017, \$15,000 was paid to the optionor.

On July 19, 2017, the Company has been granted an exploration permit for phase 1 work at its Patterson North East uranium project, located in the western Athabasca basin in Saskatchewan. The first phase of the program will be overseen by Canexplor Management Ltd. and is to consist of a high-resolution ground gravity program, designed to define gravity-low anomalies, which have been pivotal in targeting and discovering mineral deposits in the western Athabasca region.

On May 15, 2017, the Company has updated and refined its exploration plans for phase 1 work at the PNE uranium project, located in the western region of Athabasca basin, Saskatchewan. The refined work program was redesigned in conjunction with Canexplor Management Ltd, a full-service exploration provider with extensive experience in both Canada and the United States, to maximize the depth of investigation of the proposed high-resolution ground gravity program. The purpose of the survey, which is planned for the summer of 2017, is to examine and map the areas in and around the interpreted subsurface conductive anomaly, identified in 2013 by a 5.7-line-kilometre DC resistivity survey performed by Patterson Geophysics.

The new survey grid is to consist of up to 28 line kilometres, with an effective investigation depth of up to 600 metres. The survey results will be incorporated into the current exploration database, which includes DC resistivity and airborne magnetics, in order to define phase 2 drill targets.

On May 23, 2017, the Company has set the preliminary date for its phase 1 exploration of the PNE uranium project, located in the western region of Athabasca basin, Saskatchewan, for July 15, 2017. The high-resolution ground gravity program will be used to examine and map the areas in and around the interpreted subsurface conductive anomaly, identified in 2013 by a 5.7-line-kilometre DC resistivity survey performed by Patterson Geophysics.

On June 21, 2017, the Company has provided an update on coming activities this summer. The Company has applied for permits to complete an initial phase of its proposed work program on the Patterson North East uranium project, located in the western Athabasca basin in Saskatchewan. The Company anticipates commencing work on the project on July 15, 2017.

On July 26, 2017, the Company announced it intends to commence a radon gas survey as phase 1 of its summer exploration program at the Patterson North East (PNE) uranium project, located in the western Athabasca basin in Saskatchewan. The survey calls for up to 400 individual gas collection stations to be deployed in an array over the PNE conductive zone, which was previously confirmed by both airborne and ground geophysical surveys. Radon gas, which is a product of uranium decay, gives a direct correlation to the presence of subsurface uranium. The survey should take between four and six weeks, and results should be available within two to three weeks thereafter.

On August 9, 2017, the Company has noted that the phase 1 radon gas survey at the Patterson North East (PNE) uranium project, located in the western Athabasca basin in Saskatchewan, is set to commence on August 15, 2017.

The survey calls for up to 400 individual gas collection stations to be deployed in an array over the PNE conductive zone, which was previously confirmed by both airborne and ground geophysical surveys. In addition, each station will be evaluated with a spectrometer for the presence of radioactive materials. Radon gas, which is a product of uranium decay, gives a direct correlation to the presence of subsurface uranium. The survey should take between four and six weeks, and results should be available within two to three weeks thereafter.

### ***Carter Lake Uranium Project, South-western Saskatchewan***

On April 24, 2017, the Company has entered into a letter of intent with Gunnar Minerals Corp. ("Gunnar") pursuant to which it proposes to acquire a controlling interest in Gunnar in consideration for a cash payment of Cdn\$500,000. Gunnar holds the rights to acquire the Carter Lake Uranium Project, located in the southwestern corner of the Athabasca basin, Saskatchewan. The project covers approximately 1,113 hectares on the Carter Lake corridor, an exploration zone adjacent to the prolific Patterson Lake corridor, which hosts two of the most significant uranium deposits in the basin: Nexgen's Arrow deposit and Fission's Patterson Lake South deposit.

On May 29, 2017, the Company has commissioned a technical report on the Carter Lake uranium project, located on the west side of the Athabasca basin in Saskatchewan. The report is being prepared as part of the Company's due diligence on the Carter Lake uranium project as well as to rarefy the exploration targets. The report is being prepared under the supervision of Canexplor Management Ltd., which has been actively involved in uranium exploration in Saskatchewan for over 10 years.

As a result of preliminary due diligence results from the Carter Lake uranium project, the Company has agreed to advance a non-refundable commitment fee of \$100,000 to Gunnar Minerals Corp on June 28, 2017. Assuming the Company elects to move forward, the commitment fee will form part of the consideration to acquire a controlling interest in the project.

On July 5, 2017, the Company has applied for permits for the 2017 exploration program for its 100-per-cent-owned Carter Lake uranium project in the southwestern corner of the Athabasca basin, Saskatchewan. The program calls for 25 kilometres of a ground gravity survey, as well as an extensive radon gas survey. The purpose of the program is to identify subsurface anomalies, which may be indicative of hydrothermal alteration, and to test for the presence of radioactivity and its possible relation to the subsurface conductor, identified through a VTEM (versatile time-domain electromagnetic) survey in 2008.

On July 13, 2017, the Company announced it intends to commence ground gravity and radon gas surveys on the Carter Lake uranium project prior to the end of July. The survey work is a component of the Company's continuing due diligence program for the project, which is located in the southwestern corner of the Athabasca basin, Saskatchewan. The Company has retained Canexplor Management Ltd. to oversee the program and to co-ordinate the preparation of a technical report on the project.

### **Financial Information**

A summary of selected financial information for the most recent three fiscal years is as follows:

| <b>(IFRS)</b>                         | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---------------------------------------|-------------|-------------|-------------|
|                                       | <b>\$</b>   | <b>\$</b>   | <b>\$</b>   |
| Total revenue                         | -           | -           | -           |
| Net and comprehensive loss            | 60,378      | 77,031      | 181,648     |
| Net loss per share, basic and diluted | 0.00        | 0.01        | 0.01        |
| Total assets                          | 5,160       | 3,149       | 3,888       |

## Overall Performance and Discussion of Operations

### Summary of Quarterly Results and Financial Position

| Quarter ended                       | Jun 30,<br>2017<br>\$ | Mar-31<br>2017<br>\$ | Dec-31<br>2016<br>\$ | Sep-30<br>2016<br>\$ | Jun-30<br>2016<br>\$ | Mar-31<br>2016<br>\$ | Dec-31<br>2015<br>\$ | Sep-30<br>2015<br>\$ |
|-------------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General and administrative expenses | 19,518                | 27,007               | 22,288               | 10,382               | 11,525               | 16,183               | 27,512               | 17,341               |
| Net loss for the quarter            | 181                   | 27,007               | 22,288               | 10,382               | 11,525               | 16,183               | 22,706               | 14,841               |
| Loss per share, basic and diluted   | 0.00                  | 0.00                 | 0.00                 | 0.00                 | 0.00                 | 0.00                 | 0.00                 | 0.00                 |
| Total assets                        | 323,049               | 20,947               | 5,160                | 4,202                | 4,693                | 4,396                | 3,149                | 5,792                |
| Total liabilities                   | 256,907               | 254,624              | 211,830              | 188,584              | 178,693              | 166,871              | 149,441              | 129,378              |

General and administrative expenses were higher for the three months ended June 30, 2017 when compared to the same period in 2016: \$19,518 versus \$11,525 respectively. This is a direct result of an increase in filing and listing fees, interest, management fees and professional fees for the three months ended June 30, 2017. The net and comprehensive loss for the three months ended June 30, 2017 was significantly lower when compared to the same period in 2016: \$181 versus \$11,525 respectively (\$0.00 per share). This is due to the gain in accounts payable write off of \$19,337 during the three months June 30, 2017.

General and administrative expenses were higher for the six months ended June 30, 2017 when compared to the same period in 2016: \$46,525 versus \$27,708 respectively. This is a direct result of an increase in interest, management fees and professional fees for the six months ended June 30, 2017. The net and comprehensive loss for the six months ended June 30, 2017 was lower when compared to the same period in 2016: \$27,188 versus \$27,708 respectively (\$0.00 per share). This is due to the gain in accounts payable write off of \$19,337 during the six months ended June 30, 2017.

### Liquidity and Capital Resources

#### *Liquidity*

The consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for a foreseeable future.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While management is attempting to raise additional cash through private placements of common shares, alliances with other mineral exploration and mining entities, and/or other business and financial transactions, no definite proposals have been received to date. Management is closely monitoring the commodity prices of precious and base metals, individual equity movements and the stock markets to determine the appropriate course of action to be taken by the Company.

The consolidated interim financial statements do not include adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should

the Company be unable to continue in existence.

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

|                                      | <u>June 30, 2017</u> | <u>December 31, 2016</u> |
|--------------------------------------|----------------------|--------------------------|
| Working capital surplus (deficiency) | \$ 49,592            | \$ (206,670)             |
| Deficit                              | \$ (7,984,178)       | \$ (7,956,990)           |

June 30, 2017, the Company had cash of \$300,332 (December 31, 2016 - \$822). Cash used in operating activities in first six months of 2017 was \$31,440 compared to \$33,368 in 2016. Cash used in investing activities in first six months of 2017 was \$16,550 (2016 - \$Nil). Cash used in investing activities was spent for exploration and expenditures. The Company received loans totaling \$47,500 (2016 - \$33,800) and accrued interest totaling \$8,320 (2016 - \$5,645). The Company received shares subscriptions towards private placement totaling \$300,000 (2016 - \$Nil) which were not closed as of June 30, 2017 and as of the date of this MD&A.

In future capital must be obtained from debt or equity financing. See "Risk Factors".

### **Loans Payable**

Loans payable in the amount of \$186,355 (December 31, 2016 - \$138,855) are unsecured, payable on demand and bear interest at 10% per annum. The lenders have the option to be repaid in cash or shares of the Company. As of June 30, 2017, the Company had accrued \$29,498 (December 31, 2016 - \$21,178) in interest.

### **Share Capital**

As at June 30, 2017 and August 28, 2017, the details of share capital were as follows:

Authorized:

Unlimited number of common shares without par value

Unlimited number of special shares issuable in series without par value

Common shares issued: 33,456,537 issued for cash \$7,423,151

During the six months ended June 30, 2017, the Company received \$300,000 in share subscriptions toward a private placement which was not closed at June 30, 2017.

During the year ended December 31, 2015, the Company completed a split of its common shares on a 3-to-1 basis. All references to share and per share amounts have been retroactively restated to reflect the share split.

Warrants outstanding: Nil

Options outstanding: Nil

### **Related Party Transactions and Balances**

*Key Management Compensation*

Key management compensation for the six months ended June 30, 2017 consisted of the following: management fees in the amount of \$11,000 (2016 - \$10,000) paid to companies controlled by directors of the Company.

#### *Related Party Balances*

At June 30, 2017, included in trade payables was \$16,800 (December 31, 2016 - \$12,600) owing to a company controlled by a director of the Company.

#### **Subsequent Events**

On July 13, 2017, the Company announced it intends to commence ground gravity and radon gas surveys on the Carter Lake uranium project prior to the end of July. The survey work is a component of the Company's continuing due diligence program for the project, which is located in the southwestern corner of the Athabasca basin, Saskatchewan. The Company has retained Canexplor Management Ltd. to oversee the program and to co-ordinate the preparation of a technical report on the project.

On July 19, 2017, the Company has been granted an exploration permit for phase 1 work at its Patterson North East uranium project, located in the western Athabasca basin in Saskatchewan. The first phase of the program will be overseen by Canexplor Management Ltd. and is to consist of a high-resolution ground gravity program, designed to define gravity-low anomalies, which have been pivotal in targeting and discovering mineral deposits in the western Athabasca region.

On July 26, 2017, the Company announced it intends to commence a radon gas survey as phase 1 of its summer exploration program at the Patterson North East (PNE) uranium project, located in the western Athabasca basin in Saskatchewan. The survey calls for up to 400 individual gas collection stations to be deployed in an array over the PNE conductive zone, which was previously confirmed by both airborne and ground geophysical surveys. Radon gas, which is a product of uranium decay, gives a direct correlation to the presence of subsurface uranium. The survey should take between four and six weeks, and results should be available within two to three weeks thereafter.

On August 9, 2017, the Company has noted that the phase 1 radon gas survey at the Patterson North East (PNE) uranium project, located in the western Athabasca basin in Saskatchewan, is set to commence on August 15, 2017.

The survey calls for up to 400 individual gas collection stations to be deployed in an array over the PNE conductive zone, which was previously confirmed by both airborne and ground geophysical surveys. In addition, each station will be evaluated with a spectrometer for the presence of radioactive materials. Radon gas, which is a product of uranium decay, gives a direct correlation to the presence of subsurface uranium. The survey should take between four and six weeks, and results should be available within two to three weeks thereafter.

#### **Critical Accounting Estimates**

The preparation of consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements. The Company constantly evaluates these estimates and assumptions.

The Company bases its estimates and assumptions on the past experience and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty, thus the amounts currently reported in the audited consolidated financial statements could prove to be inaccurate in the future.

#### **Outlook**

In the next 6-12 months, depending on sufficient financing, the Company intends to concentrate on the acquisition of new assets to expand its project portfolio. The focus of these acquisition activities will be on properties with near-term resource potential. The ability of the Company to do so is contingent upon its ongoing ability to raise the capital necessary to acquire new assets. Management is concerned about the state of the economy and the lack of liquidity in the market of junior mineral exploration company shares. As mentioned elsewhere in this MD&A the Company is striving to find financing opportunities and alternatives. Despite the best efforts of the management there is no assurance that the Company will be successful in raising additional funds.

### **Accounting Policies**

For a complete summary of the Company's accounting policies and future accounting policies, see Note 2 to the consolidated interim financial statements for the six months ended June 30, 2017.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

#### *Accounting Standards Issued with the effective date to be finalized:*

IFRS 9 *Financial Instruments* replaces the current standards IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized costs and fair value.

### **Risk Factors**

The exploration of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not overcome. Certain of the more immediate factors are discussed as follows:

#### ***Exploration, evaluation and development***

Mineral exploration, evaluation and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and evaluation activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposits is also dependent upon a number of factors, some of which are beyond the Company's control such as commodity prices, exchange rates, government policies and regulations and environmental protection.

#### ***Financing***

The Company does not currently have any operations generating cash to fund projected levels of exploration and evaluation activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and evaluation plans. There can be no assurance that such financing will be available to the Company. In the future, the Company will require additional funding to maintain its mineral properties in good standing. The lack of additional financing could result in delay or indefinite postponement of further exploration and possible, partial or total loss of the Company's interest in its exploration and evaluation assets.

#### ***Commodity price volatility***

The market prices for commodities are volatile. The Company does not have any control over such prices or volatility. There is no assurance that if commercial quantities of mineralization are discovered, a profitable

market will exist for a production decision to be made or for the ultimate sale of production at a profit. As the Company is currently not in production, no sensitivity analysis for price changes has been provided.

### **Off Balance Sheet Arrangements**

The Company has no such arrangements at the date hereof.

### **Financial Instruments**

The Company's financial instruments consist of cash, amounts receivable, trade and other payables, and loans payable. The fair value of the Company's amounts receivable, trade and other payables, and loans payable approximates their carrying value, due to their short-term maturities or ability of prompt liquidation.

For a complete summary of the Company's financial instrument risks see Note 4 to the consolidated interim financial statements for the six months ended June 30, 2017.

### **Approval**

The board of directors of the Corporation has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.