

**NAVASOTA RESOURCES INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2017**

***1.1 Date***

The following discussion and analysis, prepared as of November 17, 2017 should be read together with the audited consolidated financial statements for the year ended April 30, 2017 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should also refer to the annual audited consolidated financial statements for the years ended April 30, 2016 and 2015, and the relevant Management Discussion and Analysis for those years.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. Additional information related to Navasota is available for view on SEDAR at [www.sedar.com](http://www.sedar.com). See also “Risk Factors” and “Forward Looking Statements” below.

***1.2 Company Overview***

Effective July 12, 2013 in connection with a share consolidation, the Company changed its name from Anglo Aluminum Corp. to Navasota Resources Inc. The Company effected a consolidation of its issued securities on a ten old for one new basis and, at the open of trading on July 12, 2013, the Company’s common shares commenced trading on the TSX Venture Exchange on a 10:1 post-consolidated basis under the name Navasota Resources Inc. and under the trading symbol “NAV”.

On February 28, 2007 Navasota signed an option agreement with La Société AMIG Mining International S.A.R.L. (“AMIG”) and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. Effective March 26, 2009 AMIG changed its name to Société AMIG Navasota Mining International S.A.R.L. On December 18, 2009 Navasota entered into an amending agreement with AMIG Navasota Mining International S.A.R.L. (“AMIG”), African Mining International S.A.R.L. (“AMSI”) and its shareholders pursuant to which Navasota has now made a payment of US\$350,000 to AMSI thereby increasing its ownership of AMIG from 45% to 51%. Navasota retains the right to earn a 100% interest in AMIG by paying US\$15,000,000 (US\$150,000 deposit paid) and issuing 1,500,000 of its common shares to the shareholders of AMIG. AMSI is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa.

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006. The permit covered two contiguous areas aggregating 1,064 square kilometers, located in the prefectures of Télemélé (Koba) and Gaoual (Koumbia) (the Project), for the exploration of bauxite. The permit was initially valid for three years and has since, in accordance with Article 25 of the new mining code of the Republic of Guinea, been renewed with the permitted area being reduced by approximately 50%, resulting in a new permit comprising two licenses covering 536 square kilometers. The new permit was extended to December 26, 2013. On October 30, 2013 the Minister of Mines and Geology of the Republic of Guinea granted an eight month extension to the Koba-Koumbia permit.

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***1.2 Company Overview (Continued)***

As noted below, during the years ended April 30, 2014 and 2013, the Company's management reviewed the Koba/Koumbia bauxite property interest and determined to recognize an impairment to a nominal value of one dollar relating to uncertainty of the Company being able to realize the carrying value of the asset.

On August 27, 2014, the Company received a letter from the Republic of Guinea's Minister of Mines and Geology stating that the permit will not be prolonged beyond a period of 4 months from the date of the letter and that the end of this period the Company was required to submit a feasibility study. The Company did not proceed further to this regard as a result the project is considered closed. The nominal value of \$1 is kept as a current carrying value of the property was written down to \$Nil in the Consolidated Statement of Loss for the year ended April 30, 2015.

***1.3 Management & Directors***

*JAMES T. GILLIS, DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER* – Mr. Gillis has been the President of James T. Gillis Management Co. Inc. since 1985, a private company which provides management services to public companies. He is President and CEO and Advance Gold Corp., President of Cassidy Gold Corp., and a director of Datum Ventures Inc. and Guyana Frontier Mining Corp. James T. Gillis resigned on January 24<sup>th</sup> 2017.

*RUSSELL WILLIAMS, DIRECTOR* – Trained as a mechanical engineer at the University of Manchester, Mr. Williams spent 30 years with Alcoa Inc., a producer of primary aluminum, fabricated aluminum and alumina, working in a wide range of roles from engineering to maintenance and human resources. In his final three years with Alcoa, Mr. Williams was based in Pittsburgh and was President of Boke Service, the managing company of Company Bauxite de Guinee (CBG), which is the Alcoa JV in Guinea, and in that role was responsible for all activity at the operations in Guinea. Prior thereto, Mr. Williams was involved in all aspects of bauxite production for the company ranging from exploration through to project development and operations. He managed the West Australian bauxite mining operations, then had oversight of all of Alcoa's global mining activity in Brasil, Jamaica and Suriname, and during this period was responsible for the initial development of the Juruti bauxite mine in Brasil which was recently commissioned. Russell Williams resigned on January 24<sup>th</sup>, 2017.

*RICHARD KOSOLOFSKI, DIRECTOR* – Mr. Kosolofski is President of Mainline Roofing Co. Ltd., principle partner in Trine Investments, and owner/operator of commercial buildings throughout central interior of British Columbia. Richard Kosolofski resigned on January 24<sup>th</sup>, 2017.

*MARIE CUPELLO, CORPORATE SECRETARY AND CHIEF FINANCIAL OFFICER* – Ms. Cupello has approximately 18 years of experience as a bookkeeper for a wide variety of companies including junior exploration companies, a management company and a non-profit society, among others. For the past eight years, she has been head of the accounting department for a number of private companies, and several publicly listed companies including Cassidy Gold Corp. and Advance Gold Corp. Marie Cupello resigned on January 24<sup>th</sup>, 2017.

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**1.3 Management and Directors (Continued)**

*MICHAEL LERNER, CHIEF EXECUTIVE OFFICER, DIRECTOR* – Mr. Michael Lerner has been in mining and finance for over twenty years. From 1997-2010 Mr. Lerner was an executive director institutional equities for two bank owned investment dealers (BMO Nesbitt Burns and CIBC World Markets) covering the largest money managers in the US while also managing a risk arbitrage portfolio. Mr Lerner then joined D and D securities working on their investment banking team, with legendary trader and banker Bob Rose, completing small cap mining financings. For the last few years Mr Lerner has been a principal of Lerner Finance Inc helping mining issuers get re listed and financed. Mr Lerner hold a B.A political science from the University of Waterloo. Mr. Lerner was appointed Chief Executive Officer on January 24<sup>th</sup>, 2017.

*NAVJIT DHALIWAL, CPA,CA, CHIEF FINANCIAL OFFICER* – Mr. Dhaliwal has been in the finance, accounting and taxation fields for over a decade. Previously working in large accounting firms and national real estate organizations in Toronto. Mr. Dhaliwal has received his Chartered Accountant designation in 2010 and for the past year and a half has been a partner at ND LLP, a Chartered Accountancy firm operating nationally. Mr. Dhaliwal holds a Bachelors in Mathematics and Masters in Accountancy form the University of Waterloo. Mr. Dhaliwal was appointed Chief Financial Officer on March 10th, 2017.

**1.4 Selected Annual Information**

The following operations information is for the preceding three years ended September 30,

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	276	276	16,101
Revenue	-	-	-
Net loss for the year	(15,750)	(45,613)	(80,049)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)

**1.5 Performance Summary and Result of Operations**

**(a) Koba and Koumbia Bauxite Projects**

During the year ended April 30, 2013, the Company's management reviewed the Koba-Koumbia project and determined to recognize an impairment to a nominal value of one dollar of its exploration and evaluation assets relating to this property interest due to the expiration of the exploration permit on December 26, 2013, and the resulting uncertainty of the Company being able to realize the carrying value of the asset. On October 30, 2013, the Ministry granted an eight month extension to the Koba/Koumbia permit to June 30, 2014. Due to the uncertainty of the Company being able to further pursue activity on the Koba/Koumbia exploration and evaluation assets, the Company has determined there is not enough evidence to support the recoverability of the carrying value of these assets. An impairment charge was recognized during the year ended April 30, 2014 to reduce the carrying value of the assets to \$1.

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As noted above, On August 27, 2014, the Company received a letter from the Republic of Guinea's Minister of Mines and Geology stating that the permit will not be prolonged beyond a period of 4

**1.5 Performance Summary and Result of Operations (Continued)**

**(a) Koba and Koumbia Bauxite Projects (continued)**

months from the date of the letter and that the end of this period the Company was required to submit a feasibility study. The Company did not proceed further to this regard as a result the project is considered closed. The nominal value of \$1 is kept as a current carrying value of the property was written down to \$Nil in the Consolidated Statement of Loss for the year ended April 30, 2015

**(b) Mamou-Dalaba Bauxite Project**

Mamou-Dalaba consists of three research licenses in one exploration permit totaling 934 km<sup>2</sup>, situated in southwestern Guinea, 100 kilometers east of the capital, Conakry. The main national highway and the old Trans Guinean Railway right of way traverse the southeast corner of this permitted area. A proposed rail line from the Bellzone iron ore development to a port just south of Conakry would run less than 60 kilometers south of Mamou-Dalaba. The Mamou-Dalaba permit is in good standing until December 23, 2014. Effective April 13, 2012, Navasota transferred all of the issued and outstanding shares of its wholly owned subsidiary, Societe Guineenne de Fer et de Bauxite, a company incorporated under the laws of the Republic of Guinea and that holds the Mamou-Dalaba bauxite exploration permit, to its 67% owned subsidiary, Africa Bauxite Corporation. During the years ended April 30, 2013 and 2014, the Company's management reviewed the valuation of the MamouDalaba bauxite property interest and determined to recognize an impairment to a nominal value of one dollar of its exploration and evaluation assets relating to this exploration permit due to certain economic uncertainties relating to this asset. On December 27, 2014 the company's last extension expired and the Kuba and Kombuia Bauxite projects permits were not re issued and all economic interest in the projects were relinquished.

The Company had net loss of \$15,750 for the year ended April 30, 2017 compared to a net loss of \$45,613 for year ended April 30, 2016. The cumulative deficit from inception of the Company is \$28,798,131.

(i) General and administration of \$15,250 for the year ended April 30, 2017 decreased from \$43,956 for the year ended April 30, 2016. The decrease was due to decreased spending on investor relations activities and filing fees and lack of activity in the corporation during the fiscal year.

(ii) Exploration expenditures related directly to exploration work performed on the Company's properties. Koba and Koumbia Bauxite projects. The company spent \$nil for the year ended April 30, 2017 and 2016.

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The Company's cash balance at of April 30, 2017 was \$170 versus \$170 as at April 30, 2016, and had a negative working capital of \$431,873 at April 30, 2017 versus \$416,123 at April 30, 2016. The fluctuations are caused by the lack of financings and exploration expenditures incurred.

***1.6/1.7 Liquidity/Capital Resources***

The Company reported a negative working capital of \$431,873 as at April 30, 2017.

***Financial and business risks***

The Company requires additional funding to continue its operations. Management plans to raise additional funds through equity financings to continue to finance its operations over the next 12 months after removing the cease trade order. These conditions create material uncertainty that cast significant doubt about the Company's ability to continue on a going concern basis. The Company's ability to continue as a going concern is dependent on the Company's ability to raise additional funds and finding economical reserves. If the Company is unable to raise additional funds, the going concern assumption may not be valid. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company currently has no operations that generate cash flow and its long-term financial success is contingent upon management's ability to locate economically recoverable resources. This process can take many years to complete, cannot be guaranteed of success, and is also subject to factors beyond the control of management. Factors such as commodity prices, the health of the equity markets and the track record and experience of management all impact the Company's ability to raise funds to complete exploration and development programs.

The Company has taken numerous steps to ensure that it will continue to have adequate working capital to fund operations. The Company will delay expenditures until such time that sufficient capital exists to fund its exploration. As well, the Company has and will continue to actively seek out strategic partners on certain of its projects to ensure that they will be advanced while at the same time preserving its capital. The Company has also reviewed corporate overhead costs to allow for only essential expenditures.

The Company is exposed to a variety of financial risks by virtue of its activities. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

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The Company's financial instruments consist of cash, GST receivables, due to related parties, accounts payable and accrued expenses and loan payable. The carrying value of these financial instruments is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

**(a) Market risk:**

The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on

***1.6/1.7 Liquidity/Capital Resources (Continued)***

**(a) Market risk: (continued)**

an ongoing basis and has established policies and procedures to mitigate such risks. The Company is not exposed to interest risk as it does not hold any interest bearing debt.

**(b) Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company monitors its risk of shortage of funds by monitoring the maturity dates of accounts payable and accrued liabilities. Due to related parties has no specific term of repayment.

**(c) Foreign currency risk:**

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

**(d) Interest rate risk:**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have significant exposure to interest rate fluctuation.

**(e) Equity rate risk:**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings.

**(f) Credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The total gross exposure as at April 30, 2017 is not significant.

***1.8 Off-Balance Sheet Arrangements***

The Company does not utilize off-balance sheet arrangements.

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***1.9 Transactions with Related Parties***

Due to related parties include loans and services received and unpaid from the directors of the Company (the “Directors”) and companies controlled by the Directors (the “Related Party Lenders”). Due to related parties are non-interest bearing, unsecured and have no specific terms for repayment. During the year ended April 30, 2016, the Company settled the loan from related party for \$5,000 in exchange of its office equipment.

Management fees consist of fees paid to a company controlled by the CEO of the Company.

***1.10 Subsequent Events***

There were no subsequent events or items that affected the Company’s financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments.

***1.11 Proposed Transactions***

There are no transactions that are currently under negotiation or proposed to be entered into.

***1.12 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 net and/or comprehensive loss 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

*(i) Recoverability of exploration and evaluation assets*

The application of the Company’s accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the year the new information becomes available.

*(ii) Income taxes*

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The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary differences can be utilized.

*(iii) Share-based payments*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

**1.13 Financial Instruments and Other Instruments**

The carrying amounts of cash, GST receivables, due to related parties, accounts payable and accrued liabilities and loan payable approximate fair value because of the short-term maturity of these items.

**1.14 Other MD&A Requirements**

**Disclosure of Outstanding Share Data**

Summary of Outstanding Share Data as of April 30, 2017:

- i. Authorized and issued share capital:

Class	Par Value	Authorized	Issued and Outstanding	
			2017	2016
Common	Nil	Unlimited	10,330,529	10,330,529

- ii. There were no warrants outstanding as of April 30, 2017 or 2016.
- iii. There was 350,000 stock options outstanding as of April 30, 2017 and 650,000 as of April 30, 2016.

**Additional Information**

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).