STOCKPORT EXPLORATION INC.
Management Discussion and Analysis
Quarterly Report – April 30, 2018

This Management Discussion and Analysis ("MD&A") of Stockport Exploration Inc. (the "Company" or "Stockport") provides analysis of the Company's financial results for the three and six-month periods ended April 30, 2018. The following information should be read in conjunction with the audited consolidated financial statements and the notes to the audited consolidated financial statements for the year ended October 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise noted.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address anticipated operating costs, possible future resource property expenditures, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are considered forward-looking because we have used what we know and expect today to make a statement about the future. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements usually include words such as may, expect, plan, anticipate, budget, believe or other similar words. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. The Company does not update or revise forward-looking information even if new information becomes available unless legislation requires us to do so. Investors should not place undue reliance on forward-looking statements. Additional details of the specific risks associated with the operations of the Company and such forward-looking statements are set out below under "Risks and Uncertainties". Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.1 Date of Report

This report is prepared as of June 21, 2018.

1.2 Nature of Business and Overall Performance

Stockport is a junior exploration company listed on the TSX Venture Exchange ("TSX-V"). Since 2011, Stockport has been focused on its Kenyan Concessions following the completion of an agreement with East African Pure Gold Limited ("EAPG") and B&M Mining Company Limited ("B&M") to earn an interest in three mineral exploration licenses in Kenya. During this time, Stockport expanded its Kenyan property portfolio to cover an area of approximately 2,000 square kilometres ("km^2"), under license or application, located within the Lake Victoria greenstone belt of southwestern Kenya (the "Nyanza Project"). Exploration activities in Kenya were focused on the Special License ("SPL") 214 and SPL 258 concessions. Due to limited results from the Company's pilot recovery program, operational concerns relating to availability of quality vendors, the ability to obtain high quality security services, and regional political concerns, the Company shifted its focus from the Kenyan concessions in 2017 and sold its two Kenyan subsidiaries, Stockport Exploration of Kenya Limited and Stockport Mining Kenya Limited, to an arm's length party during the final quarter of fiscal 2017. This sale included all assets and liabilities of each Kenyan subsidiary. As of the date of this report, the Company has no further operations in Kenya.

Since initiating the sale of the Kenyan subsidiaries, the Company has been evaluating new opportunities for Stockport. On September 15, 2017, the Company entered into a letter of intent relating to the proposed acquisition of Sona Nanotech Ltd. ("Sona"), a private corporation existing under the laws of Nova Scotia. A definitive agreement with Sona was signed on March 22, 2018. Sona is a nanotechnology life sciences corporation that has developed two proprietary methods for manufacturing gold nanoparticles.

Pursuant to the proposed transaction with Sona, the Company intends to complete an amalgamation with Sona to form Sona Nanotech Inc. ("Amalco") and thereafter complete the issuance to Stockport shareholders of one (1) common share of

Amalco for every four (4) common shares of Stockport held. Subject to the acceptance of the appropriate exchange, the amalgamation will result in the issuance of approximately 22,163,282 common shares of Amalco to the securityholders of Stockport. This will represent approximately 50% of the issued and outstanding common shares of Amalco after completion of the transaction. The proposed transaction is subject to regulatory and shareholder approvals prior to completion. As at June 21, 2018, the proposed transaction has been approved by shareholders but remains subject to regulatory approvals and is not yet completed.

During the six-month period ended April 30, 2018, the Company had a net loss before income tax of $0.3 million, a difference of $0.4 million from the net income of $0.1 million during the six-month period ended April 30, 2017. During the prior year period, the Company had a gain on the sale of its marketable securities of $0.3 million and operating expenses that were $0.1 million lower due to the Company's legal and regulatory fees associated with the Sona transaction in the current year.

As of the date of this report, the Company owns or controls an interest in the KM61/Crescent Lake property in Canada and has not yet determined whether these properties contain ore reserves that are economically recoverable. The KM61 molybdenum-copper-silver project is the Company's most advanced project and is considered to be an important long-term asset to Stockport. KM61 is host to an indicated molybdenum resource of 66.6 million tonnes at 0.053% Mo, 0.09% Cu, and 2.6 g/t Ag (0.063% molybdenum equivalent) and an inferred resource of 38.9 million tonnes at 0.054% Mo, 0.09% Cu, and 2.7 g/t Ag (0.065% molybdenum equivalent) (National Instrument 43-101 ("NI 43-101") compliant), and contains lithium targets.

On August 1, 2017, Stockport Exploration Inc. and 6321593 Canada Inc. disposed of their two Kenya subsidiaries, Stockport Exploration of Kenya Limited and Stockport Mining Kenya Limited, to an arms-length third party. The sale included all assets and liabilities of each subsidiary, with no proceeds received on the sale. At the time of the sale, the balance of the company's resource property expenditures in Kenya was $2.98 million. As a result of the disposal, the Company recorded a loss on sale of subsidiaries of $2.60 million on its consolidated statement of comprehensive loss for the year ended October 31, 2017. This loss consisted of the disposal of $2.98 million of resource property assets, net of the assets and liabilities of the Kenyan subsidiaries sold. With the sale of the subsidiaries, the Company has no further operations in Kenya.

On January 5, 2016, the Company entered into a cash and share option agreement with Ardiden Limited ("Ardiden") of Australia to acquire 100% of the Company's Seymour Lake concessions for gross proceeds of $1.0 million. During the year ended October 31, 2016, the Company received a total of $175,000 in cash and $250,000 of Ardiden shares pursuant to the terms of the option agreement. During the year ended October 31, 2017, Ardiden completed the option agreement with the Company. Pursuant to the agreement, the Company received further cash from Ardiden of $325,000 and received Ardiden shares with a fair value of $371,939. Total payments received from Ardiden pursuant to the option agreement, in cash and shares, totalled $1.1 million.

1.3 Selected Annual Information

The presentation and functional currency of the Company is the Canadian dollar. The information below is expressed in thousands of Canadian dollars, except per share amounts, and prepared in accordance with IFRS:

Fiscal Year	**2017 $**	**2016 $**	**2015 $**
Net loss	2,282	3,640	840
Basic & diluted net loss per share	0.03	0.04	0.01
Total assets	1,735	4,851	9,428
Total liabilities	1,711	2,174	3,448
Cash dividends per common share	-	-	-

The Company expects to record losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties. The Company's net losses in the future may be significantly impacted by any impairment write-downs or abandonments of any resource properties. The Company has not paid dividends in the past three years of operation. During the year ended October 31, 2017, the Company recorded a loss on the sale of subsidiaries of

$2,601,932. During the year ended October 31, 2016, the Company wrote down its KM61 resource property to $1,100,000, which was the net present value of the future cash flows associated with the cash and share option agreement to acquire the property (see section 1.15), using a discount rate of 20%. Also during the year ended October 31, 2016, the Company wrote down the accumulated costs associated with its pilot project in Kenya of $1,746,623. The write-downs were offset by a change in the fair value of the Company's convertible debenture liability of $1,609,676. During the year ended October 31, 2015, the Company wrote down its Seymour Lake resource property to $775,000, which was the net present value of the future cash flows associated with the Ardiden cash and share option agreement to acquire the property (see section 1.15), using a discount rate of 20%.

The Company continues to hold a 100% interest in the KM61 property, located in northwestern Ontario. Certain claims on the KM61 property, including the mineralized zone, are subject to a 0.5% net smelter royalty ("NSR"). Of the remaining claims on the KM61 property, certain portions are subject to a 3% NSR, and the balance of the claims are not subject to any royalties. The Company can repurchase 50% of the 0.5% NSR for $250,000 and/or 50% of the 3% NSR for $1.0 million.

1.4 Results of Operations

Six-month period ended April 30, 2018

During the six-month period ended April 30, 2018, the Company had a net loss of $302,934. Operating expenses during the period were $275,158, an increase of approximately $89,000 compared to the six-month period ended April 30, 2017. The increase is attributable to an increase of $18,287 in regulatory costs and an increase of $66,576 in professional services fees. Regulatory and professional fee expenses increased during the current year due to costs associated with the Sona transaction. During the current period, the Company recognized an accretion expense of $10,000 related to the convertible note financing completed on February 25, 2015 (see section 1.15). Interest expense on the convertible notes was approximately $22,000 for the current period. During the current year, a realized gain on the sale of marketable securities of $5,110 was recognized, compared to a gain of $278,661 during the prior year period.

The Company incurred a currency exchange loss of $872 relating to its foreign currency transactions, compared to a foreign exchange loss of $5,503 during the prior year period. The currency exchange amount is due to fluctuations of the Company's foreign currencies, primarily the United States dollar, relative to the value of the Canadian dollar. During the prior year period, fluctuations in the Kenyan shilling would also have impacted the Company's foreign exchange gain and/or loss.

Three-month period ended April 30, 2018

During the three-month period ended April 30, 2018, the Company had a net loss of $159,825. Operating expenses during the period were $153,364, an increase of approximately $67,000 compared to the three-month period ended April 30, 2017. The increase is attributable to increases in regulatory costs and professional services fees due to costs associated with the proposed transaction with Sona. The Company also recognized an accretion expense of $2,500 during the current period related to the convertible note financing completed on February 25, 2015 (see section 1.15). Accretion expense during the prior year period was $7,500, as the convertible notes are now fully accreted. Interest expense on the convertible notes was approximately $11,000 for the current period, similar to the prior year period.

The Company incurred a currency exchange gain of $1,791 relating to its foreign currency transactions, compared to a foreign exchange loss of $20,062 during the prior year period. The currency exchange amount is due to fluctuations of the Company's foreign currencies, primarily the United States dollar, relative to the value of the Canadian dollar. During the prior year period, fluctuations in the Kenyan shilling would also have impacted the Company's foreign exchange gain and/or loss.

1.5 Summary of Quarterly Results

Expressed in thousands of Canadian dollars, except per share amounts:

	Fiscal 2018	Fiscal 2017				Fiscal 2016		
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
	Apr-18	Jan-18	Oct-17	Jul-17	Apr-17	Jan-17	Oct-16	Jul-16
Net income (loss)	$ (160)	$ (143)	$ (2,793)	$ 454	$ (49)	$ 106	$ (294)	$ (2,900)
Basic & diluted net income (loss) per share	$ (0.002)	$ (0.002)	$ (0.031)	$ 0.005	$ (0.001)	$ 0.001	$ (0.003)	$ (0.029)
Total assets	$ 1,631	$ 1,836	$ 1,735	$ 4,917	$ 4,522	$ 4,675	$ 4,851	$ 5,262
Total liabilities	$ 1,832	$ 1,728	$ 1,711	$ 2,017	$ 2,046	$ 2,050	$ 2,174	$ 2,320

1.6 Liquidity, Capital Resources and Going Concern

As of April 30, 2018, the Company had negative working capital of $0.8 million, compared to negative working capital of $0.9 million at October 31, 2017. During the six-month period ended April 30, 2018, the Company spent cash of approximately $184,000 on its operating activities and approximately $3,000 was spent on its resource properties (see section 1.15). Stockport also received proceeds of approximately $357,000 on the sale of its marketable securities during the period.

Although Stockport is currently seeking other opportunities, the Company's objective is to maintain legal title to its key mineral properties. Failure to continue to operate as a going concern could result in the loss of its interest in its resource properties. The Company's financial statements and management's discussion and analysis do not reflect the adjustments to the carrying values of assets that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

In light of the Company's financial constraints, management maintains a number of cost management strategies to minimize the Company's day-to-day cash operating costs. The Company has sold its Kenyan subsidiaries, is working to complete the proposed transaction with Sona, and management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

1.7 Off-Balance Sheet Arrangements

At April 30, 2018, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.8 Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed by the Company to ensure that financial information disclosed by the Company in the MD&A and in the unaudited condensed interim consolidated financial statements of the Company is properly recorded, processed, summarized and reported to its officers and the Board of Directors. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") believe such controls and procedures as at April 30, 2018 are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Internal Control Over Financial Reporting

The Company's management, with the participation of its CEO and CFO, has designed, established and is maintaining a system of internal control over financial reporting. Under the supervision of the CFO as at April 30, 2018, the Company's internal control over financial reporting is a process designed to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner and in accordance with IFRS. The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There were no changes in the Company's internal control over financial reporting during the period ended April 30, 2018 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

1.9 Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, the value of the Company's convertible debentures liability, the value of share-based compensation, and the valuation of any deferred income tax assets and liabilities. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors, including environmental, legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

The Company's convertible debenture liability is valued at each reporting date. The valuation is complex, as there is no active trading market for the input items and is based on significant unobservable inputs. The valuation considers factors such as limited available market information, market trading prices, management's assumptions of expected cash flows related to the instruments, including reasonably possible alternative assumptions, maturity dates and expected return of capital on a discounted basis. Future cash flows include a combination of various components, including the projection of the price of gold, recovery percentage, throughput rates, and operating costs.

The factors affecting share-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and the financial objectives of the share-based instrument holders.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

1.10 Transactions with Related Parties

During the six-month period ended April 30, 2018, the Company incurred management service fees of $18,000 and rent and office costs of $11,313 to a company owned by certain key management (year ended October 31, 2017 – management service fees of $36,000 and rent and office costs of $21,540). The management service fees were incurred on a cost recovery basis and include general and administration charges such as utilities, accounting services and investor relations services of the Company.

During the year ended October 31, 2015, the Company received proceeds from an operating line of credit of $250,000 by a company owned by certain key management of Stockport. Interest on the operating line of credit was payable monthly at prime plus 1%. As at October 31, 2016, the Company had an outstanding line of credit amount of $211,468 and accrued interest payable of $1,307 on the line of credit balance outstanding. During the year ended October 31, 2017, the Company paid off the line of credit in full, including all accrued interest.

On February 25, 2015, the Company completed a $295,000 bridge loan financing by the issuance of unsecured convertible promissory notes. Certain directors of the Company contributed $195,000 towards the Notes financing. As at April 30, 2018, accrued interest on the Notes in the amount of $89,305 was payable to related parties (October 31, 2017 - $74,801).

As at April 30, 2018, total amounts payable to officers, directors and companies owned thereby were $1,178,524 (October 31, 2017 - $1,131,109), including $195,000 of the principal amounts received from related parties pursuant to the convertible note financing, which have a carrying value of $195,000 (October 31, 2017 – carrying value of $188,390).

1.11 Risks and Uncertainties

The Company's financial instruments consist of cash, marketable securities, accounts payable, convertible notes, and convertible debentures. Management does not believe these financial instruments expose the Company to any significant credit risks, as a significant portion of the Company's cash is on deposit with a major Canadian chartered bank, and all of the sales taxes recoverable are with the government of Canada. A portion of the Company's transactions can occur in foreign currencies. Accordingly, the related financial assets and liabilities are subject to fluctuations in the respective exchange rates. The Company has cash; accordingly, the Company's interest income is susceptible to fluctuations in interest rates. The convertible debentures were issued on October 31, 2013 and the convertible notes were issued on February 25, 2015. The payments required on the convertible debentures and the convertible notes are subject to a number of factors and fair value estimates. The fair market values of the Company's financial instruments, with the exception of the marketable securities, approximate their carrying values, unless otherwise noted.

The Company's activities have been primarily directed towards the exploration for and the development of mineral deposits. The exploration for and the development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical and unpredictable; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of metals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or abandoning or delaying the development of a mineral project. There is no certainty that the expenditures made by the Company towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of such metals.

In addition to the normal and usual risks of exploration and mining, the Company has worked in remote locations that lack the benefit of infrastructure and easy access. The Company's non-Canadian interests have been located in Kenya and Mexico, countries with social, political and economic policies that differ from Canada's. Although the Company believes the current conditions in these countries are stable and conducive to conducting business, there is no assurance that such conditions will continue to prevail. Government policies may change to discourage foreign investment or mining activities; nationalization or local equity requirements of mining industries may occur; and other unforeseen limitations, restrictions or requirements may be implemented. There can be no assurance that the Company's asset in foreign countries, if any, will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. There can also be no assurance that adverse developments such as terrorism, military repression, civil unrest, crime, extreme fluctuations in currency exchange rates, or high inflation will not occur.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company relies on equity financing for its long-term working capital requirements and to fund its exploration programs. The Company does not have sufficient funds to put any of its resource interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

1.12 Outstanding Share Data

a) Common Shares

The Company has authorized an unlimited number of common shares without par value.

- At April 30, 2018 and June 21, 2018, the Company had issued and outstanding 88,653,128 common shares with a recorded value of $22,597,563.

b) Warrants

- At April 30, 2018 and June 21, 2018, the Company had 1,196,000 warrants outstanding valued at $30,000, exercisable at $0.10 and expiring on October 31, 2018.

c) Stock Options

- At April 30, 2018 and June 21, 2018, the Company had 3,700,000 stock options outstanding, exercisable into common shares of the Company at a weighted-average exercise price of $0.05, expiring between July 23, 2018 and July 11, 2021.

1.13 Convertible Debenture Financing

On October 31, 2013, the Company completed a private placement of 1,196 units at a price of $1,001 per unit, for aggregate gross proceeds of $1,197,196. The proceeds of the financing were used to fund expenditures, including a two-phased exploration and potential surface gold recovery program at the Company's Nyanza Project in Kenya:

- Phase I – sampling, metallurgy, permitting and plant equipment procurement; and
- Phase II – capital investment and plant operation for the surface gold recovery program. Until the Company advanced to Phase II, 75% of the gross proceeds, being $897,897, were held in trust with a Kenyan law firm. At the Company's discretion, it was entitled to advance to Phase II with the completion of a successful Phase I.

During the year ended October 31, 2014, the Company elected to proceed with Phase II. As a result, the convertible debenture holders were entitled to receive:

- a repayment of the convertible debenture in the amount of 100% of the investment ($1,000 per unit) based on 75% of free cash flow generated from the surface gold recovery project;
- a preferred share in Stockport Mining Kenya Limited ("SMK"). $1 per unit was allocated to the cost of the preferred share. The preferred share will pay a premium entitlement of 110% of the original investment ($1,100 per unit) from 75% of free cash flow generated from the gold recovery project and is then redeemed by SMK; and
- if the amount of the debenture plus the 110% premium entitlement is not paid within the five year maturity date of October 31, 2018, then the amount of debt and premium entitlement, less any repayments to that date, will be converted into common shares of the Company at a conversion price of $0.50 per share.

Under the terms of this financing, the Company also issued 1,000 warrants with each unit. The 1,196,000 warrants are exercisable at the commencement of Phase II at a price of $0.10 per share and expire on October 31, 2018. An initial value of $30,000 was assigned as the fair value of the warrants.

Details of the amounts repayable related to the convertible debenture are as follows:

	April 30, 2018	**October 31, 2017**
	$	$
Phase I	299,299	299,299
Phase II	897,897	897,897
Total financing proceeds after Phase I and Phase II	1,197,196	1,197,196
Premium entitlement (110%)	1,316,916	1,316,916
Total amount to be repaid by October 31, 2018	2,514,112	2,514,112
Estimated fair value of amont to be repaid	125,705	125,705

It is the Company's intention to settle the convertible debenture liability at maturity through the issuance of common shares. As at April 30, 2018, the Company has estimated the fair value of its convertible debenture liability based upon its full settlement obligation to issue 5,028,223 common shares at the maturity date of October 31, 2018. The Company estimated the fair value of its obligation to issue these shares at $125,705 based on the market trading price of $0.025 per share as at April 30, 2018 and as at October 31, 2017. If the share price was $0.01 per share higher or lower, the fair value of the convertible debenture liability would increase or decrease by $50,000.

1.14 Convertible Notes

On February 25, 2015, the Company completed a $295,000 bridge loan financing from various directors and other private investors of the Company by the issuance of unsecured convertible promissory notes. The Notes were issued with an interest rate of 12% per annum, payable quarterly commencing August 25, 2015, and will be repayable by the Company on or before the maturity date of March 27, 2018. Effective October 20, 2015, certain terms of the Notes were amended to meet the requirements of the TSX-V, including an increase in the interest rate from 12% to 15% per annum. Although the maturity date of the Notes is March 27, 2018, Stockport has applied to the TSX-V to extend the maturity date of the Notes by 18 months, until September 27, 2019; however, there is no guarantee that the TSX-V will approve such extension.

The principal amount of the Notes is convertible into common shares of the Company at the election of the holder at the rate of $0.05 of principal converted per share. If the Notes are not repaid within three days of the maturity date, they will be automatically converted into common shares of the Company at the Conversion Price. If interest is not paid each quarter, any accrued interest can be converted, at the option of the holder, into shares at $0.05 or the five-day volume weighted-average price ("VWAP") preceding the date of conversion, whichever is higher. The holders of the Notes have not yet elected to convert any unpaid accrued interest to common shares of the Company.

The Company has assessed the respective value of the Notes and the conversion component. The Notes were initially recorded at a value of $205,000, and the equity component of the Notes was valued at $90,000. The initial recorded value of the Notes, in the amount of $205,000, will be accreted to the face value of the Notes over the term of three years. During the six-month period ended April 30, 2018 and the year ended October 31, 2017, the change in the recorded value of the Notes was as follows:

Recorded value of the Notes, November 1, 2016	$ 255,000
Accretion expense for the year ended October 31, 2017	30,000
Recorded value of the Notes, October 31, 2017	$ 285,000
Accretion expense for the period ended April 30, 2018	10,000
Recorded value of the Notes, April 30, 2018	$ 295,000

In preparing the allocation of value between the Notes and the equity component of the Notes, the Company estimated an interest rate of 25% for a similar debt instrument with no conversion option. If the Company had used an interest rate of 20%, the recorded value of the equity component of the Notes would have been $30,000 lower. If the Company had used an interest rate of 30%, the recorded value of the equity component of the Notes would have been $40,000 higher.

1.15 Deferred Resource Property Expenditures

Peter Webster, P.Geo., of Mercator Geological Services Limited, is the qualified person responsible for the technical information included in this report.

During the period ended April 30, 2018, the Company incurred $2,400 related to the care and maintenance of its KM61 property. During the year ended October 31, 2017, the Company incurred deferred exploration expenditures of $41,904, primarily incurred on the Kenyan concessions as the Company continued to evaluate its exploration concessions in Kenya during the year, prior to the sale of the Kenyan subsidiaries on August 1, 2017. A recovery of resource property of $121,939 was recorded to the Company's Seymour Lake project as a result of an impairment reversal on the property based on the value of shares received from Ardiden. Option payments of $498,264 were recorded to the Company's Seymour Lake project as a result of funds received from Ardiden related to the completion of the cash and share option agreement on the property. Minimal costs of $6,739 were incurred on the Company's KM61 project in fiscal 2017, related to ongoing care and maintenance.

KM61

The Company holds a 100% interest in the KM61 molybdenum-copper-silver project, located near Armstrong, Ontario. An independent NI 43-101 Mineral Resource Estimate for the Main Zone at KM61 was completed in December 2008, with an indicated resource of 66.6 million tonnes at 0.053% Mo, 0.09% Cu and 2.6 g/t Ag (0.063% molybdenum equivalent) and an inferred resource of 38.9 million tonnes at 0.054% Mo, 0.09% Cu and 2.7 g/t Ag (0.065% molybdenum equivalent). Please refer to the Company's NI 43-101 Technical Report filed on SEDAR on January 22, 2009 for further details. The KM61 property also includes a number of lithium targets.

The property is subject to a 0.5% NSR over five claims, including the mineralized zone. The majority of two additional claims are also subject to the 0.5% NSR, with relatively small portions subject to a 3% NSR. The remaining KM61 claims are not subject to any royalty. The Company can repurchase 50% of the 0.5% NSR for $250,000 and/or 50% of the 3% NSR for $1,000,000.

On June 22, 2016, the Company entered into a cash and share option agreement with Sovereign Gold Company Limited ("Sovereign") of Australia to acquire 100% of the Company's KM61 concession claims for gross proceeds of $1.4 million. The option excludes the mineralized area known as the KM61 Project. The Company received $100,000 upon signing of the agreement and a further $75,000 in 75 days, which were recorded against resource property expenditures. During the term of the agreement, Stockport retained 100% of the Crescent Lake rights should Sovereign fail to complete any requirements of the option agreement. Stockport also maintained a 2% NSR on all minerals related to the property.

During the year ended October 31, 2016, the Company wrote-down the value of its KM61 property to $1,100,000, which was the net present value of the future cash flows, using a discount rate of 20%, associated with the Sovereign cash and share option agreement to acquire the property. As of June 22, 2016, if the discount rate was 5% higher or lower, the write-down of resource property expense would increase or decrease by $60,000.

Sovereign notified the Company during the fourth quarter of the year ended October 31, 2016 that it would not continue with the option agreement.

Seymour Lake

On January 5, 2016, the Company entered into a cash and share option agreement with Ardiden Limited ("Ardiden") of Australia to acquire 100% of the Company's Seymour Lake concessions for gross proceeds of $1.0 million. During the year-ended October 31, 2016, the Company received $75,000 upon signing of the agreement, a further $75,000 in cash and $250,000 of Ardiden shares at the end of the due diligence period completed within 150 days following the agreement execution date, and received a cash instalment of $25,000.

During the year ended October 31, 2015, the Company wrote-down the value of its Seymour Lake property to $775,000, which was the net present value of the future cash flows associated with the Ardiden cash and share option agreement to acquire the property, using a discount rate of 20%. All amounts received from Ardiden pursuant to the option agreement are recorded against resource property expenditures at their net present value, with the difference between the amount received and the net present value recorded as interest income.

During the year ended October 31, 2017, Ardiden completed the option agreement with the Company. Pursuant to the agreement, the Company received further cash from Ardiden of $325,000 during the year and received Ardiden shares with a fair value of $371,939. Total payments received from Ardiden pursuant to the option agreement, in cash and shares, totalled $1.1 million. The fair value of the Ardiden shares received upon completion of the agreement was greater than the $250,000 of shares pursuant to the original agreement, therefore a reversal of the Seymour Lake impairment of $121,939 was recorded as a recovery of resource property during the year ended October 31, 2017. The total amount recorded as interest income during the year ended October 31, 2017 was $198,675 (year ended October 31, 2016 - $29,085), and $498,264 was recorded as against resource properties.

The Company maintains the option to purchase a 1.5% NSR for payment of $1.0 million on or before January 24, 2024.

Kenya

Up to the initiation of the sale of the Kenyan subsidiaries, the Company's exploration focus since 2011 was on its Kenyan properties, primarily the SPL 214 concession, which covers an area of approximately 15 km² in the Rongo area, Migori District, Kenya. In 2014, the Company began working to advance a small-scale extractive program at SPL 214, utilizing a tank leach circuit, targeting artisanal tailings with the ability to expand to process quartz rubble. In reference to the project, the Company applied for and received National Environment Management Authority (NEMA) approval relating to the operation, entered into a land lease agreement pertaining to tank leach circuit operation and tailings facility and received Kenyan Government Department of Lands approval for change of land use to mineral processing. The Company purchased leach tanks and supporting equipment. Commissioning began in June 2015. Following the initial commissioning activities in mid-2015, the Company suspended operations to complete an analysis of operations and to complete some upgrades to the recovery operation. Further commissioning tests were completed in December 2015, and the Company recommenced operations in the first quarter of 2016.

In 2016, management determined the pilot test plant had produced sufficient recovery data for continued exploration purposes, however continued operating costs would not warrant additional investment. In addition, new mining legislation, lack of availability of higher grade material, and illegal mining activities caused the Company to suspend the operation of its pilot project at the Nyanza property. As a result, the Company wrote-down the accumulated costs associated with the pilot project, for a net write-down of $1.7 million for the year ended October 31, 2016.

1.16 Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.stockportexploration.com.