TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended April 30, 2017

This Management's Discussion and Analysis of TerraX Minerals Inc. ("TerraX" or the "Company") ("MDA") provides analysis of the Company's financial results for the three months ended April 30, 2017 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three months ended April 30, 2017 and with the audited financial statements and notes thereto for the year ended January 31, 2017, all of which are available at www.sedar.com. This MD&A is based on information available as at June 29, 2017.

The accompanying condensed interim financial statements for the three months ended April 30, 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about TerraX Minerals Inc. is available at www.sedar.com.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Corporation amended its notice of articles to change its name to TerraX Minerals Inc. The Company has no subsidiaries.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Company's unaudited condensed interim financial statements for the three months ended April 30, 2017 and this MD&A may contain certain statements that may be deemed "forward- looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

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 may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. 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.

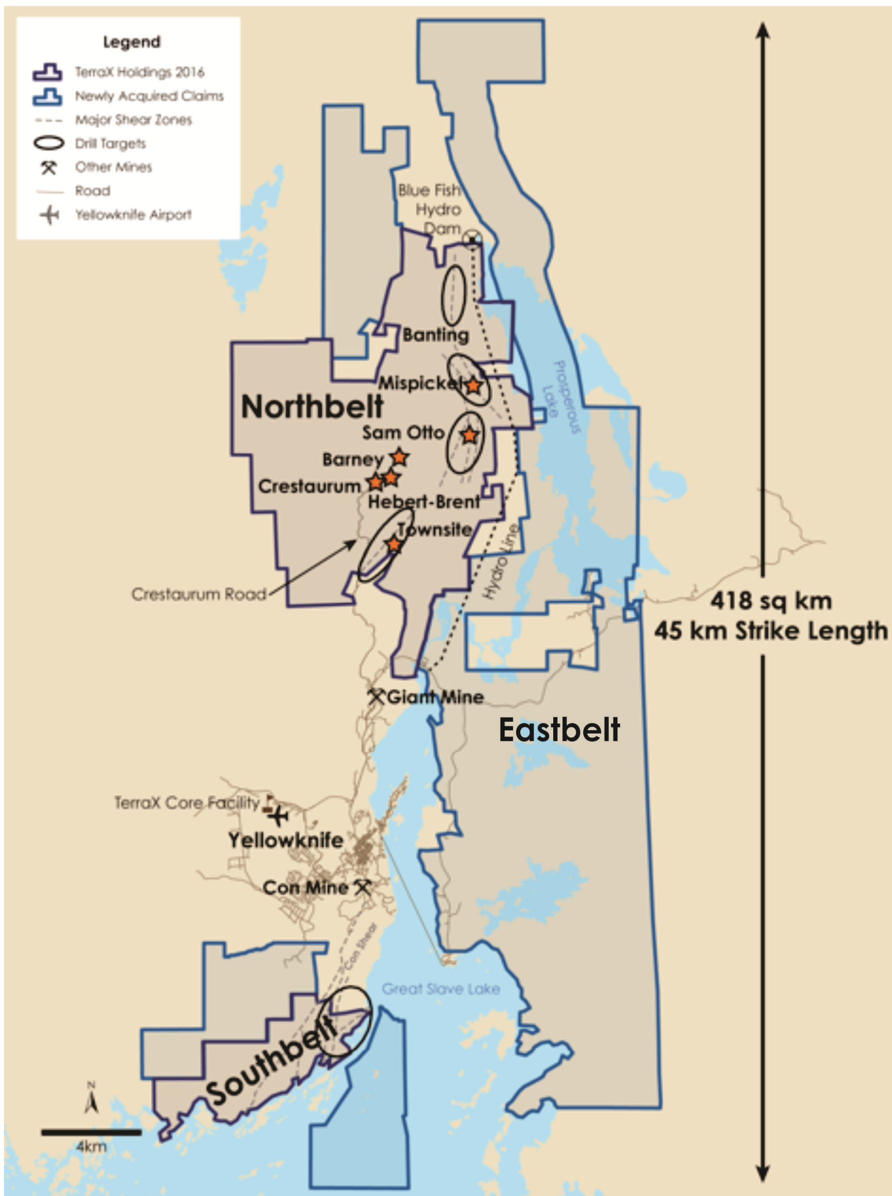
Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

OVERVIEW

During the three months ended April 30, 2017, TerraX completed its a winter drill program on its wholly-owned Yellowknife City Gold Project ("YCG"), which now comprises 418 square kilometres of contiguous land immediately north and south of the City of Yellowknife in the Northwest Territories.

The YCG lies within the prolific Yellowknife greenstone belt and covers 45 km of strike length on the northern and southern extensions of the shear system that hosts the high-grade Con (6.1 Moz) and Giant (8.1 Moz) gold mines. The project area contains multiple shears that are the recognized hosts for gold deposits in the Yellowknife gold district, with innumerable gold showings and recent high grade drill results. Being all-season road accessible and within 15 km of the City of Yellowknife, the YCG is close to vital infrastructure, including transportation, service providers, hydro-electric power and skilled trades people.



A winter drill program at the YCG commenced in February 2017 and was shut down in early April when an early spring thaw made conditions on the ice roads unsafe to continue drilling. A total of 43 holes comprising 14,689 metres were drilled on multiple targets on both the Northbelt and Southbelt project areas.

Highlights from the drilling included:

- 8.80 m at 2.33 g/t Au including 1.99 m at 9.19 g/t Au in hole TSO17-015 on the Dave's Pond target at Sam Otto, where eight holes were drilled that all intercepted gold mineralization over 400 m of strike (see our news release of May 2, 2017)
- 123.5 metres at 0.59 gram per tonne gold including 25.07 m at 1.38 g/t Au in hole TSO17-026 at the Sam Otto Main Zone, where nine holes were drilled that more than doubled the strike length, intersected multiple zones of mineralization parallel to the main system and extended the depth of gold mineralization to greater than 300 metres (see our news release of June 15, 2017)

For more information on the YCG, including its exploration history, please visit our web site at www.terraxminerals.com

EXPLORATION OVERVIEW

SURFACE EXPLORATION

TerraX has conducted extensive field programs on the project since acquiring its initial property in the area in 2013. Initially, TerraX concentrated on locating historical drill collars in the field, finding approximately 125 of the collars at the Crestaurum target and more than 100 elsewhere on the property. All drill hole locations were recorded with a hand-held GPS and 155 of the most important holes in the southern part of the property were subsequently surveyed with a differential GPS. Precise knowledge of the location of historical drill holes allows TerraX to twin specific holes and also to create accurate 3-D models. In many drill holes casing has been left intact and capped, offering the option of carrying out downhole geophysical surveys and wedging directly from holes with mineralized intersections. Many of the historical collars that were not located were drilled from winter ice over lakes and ponds; their locations are known with a considerable degree of accuracy as they were drilled from the same surveyed ground grids as drill collars that were located onshore.

TerraX has collected approximately over 3,400 surface (grab, chip and channel) samples to date. Gold is widely distributed throughout the YCG. Most mineralization occurs on north to northeast-trending (000 to 030° trending), sub-vertical structures, although locally northwest-trending structures are important. Structures observed on surface consist of 0.5 to 15 m wide zones of iron carbonate alteration, with or without sericite or chlorite. One or more quartz veins typically occur within the structure; such veins can be up to 1 m wide and have varying amounts of pyrite, arsenopyrite and base metal sulphides (galena, sphalerite, less commonly chalcopyrite). Bands of semi-massive sulphide up to 1 m wide are common in the northern part of the property and less common in the southern part. A concentration of gold on numerous structures has led TerraX to define a 10 km by 4 km **"Core Gold Area"** in the south-central part of the property. TerraX's samples from the YCG collectively returned up to **1205 g/t Au, 529 g/t Ag, >20% Pb, 13.65% Zn, 3.01% Cu and 6.32% Mo** (from different samples).

Winter Drill Program 2017

In February 2017, Terrax commenced a winter drill program at the YCG. This program incorporated up to four drill rigs testing testing a number of new drill targets identified during 2016 field exploration and was completed in early April of 2017. A total of 43 holes comprising 14,689 metres were drilled on multiple targets on both the Northbelt and Southbelt project areas. A map showing the location of the initial drill targets is available on the company's website under 2017 winter drilling.

The assay results from the first 22 holes from the winter program were announced on May 2, 2017. Of these holes, six holes (1,774 meters) were drilled at Dave's Pond covering 400 meters of strike to the south and north of TSO16-005, the discovery hole drilled in 2016 (2.40 m @ 9.89 g/t Au – news release January 11, 2017). The remaining 16 holes were drilled on areas to the east, north and south of Mispickel in locations that are covered by the waters of Walsh Lake and require winter drilling.

The drilling on the **Dave's Pond zone at Sam Otto** (8 holes totaling approximately 2,300 meters) was designed to test 400 meters of strike south and north of hole TSO16-005. Highlights included **3.32 m @ 6.96 g/t Au** including **2.08 m @ 10.90 g/t Au** in hole TSO17-016

A new zone of mineralization was intersected in the footwall of the Dave's Pond. The zone has exciting potential as it contains the same structural, alteration and mineralization signatures that characterized the high grade gold ore zones at the Con Mine. Three holes (TSO17-017, 019 and 020) intersected the zone with modest gold grades (7.08 m @ 0.57 g/t Au in TSO17-017 and 11.75 m @ 0.31 g/t Au in TSO17-019) and the zone showed good strike and dip continuity. TerraX will be carrying out follow up drilling in the summer of 2017 to locate higher grade gold lodes.

On **Walsh Lake**, a total of 16 holes totalling 5432 meters were drilled near the area of Mispickel and Sam Otto in locations that are covered by the waters of lake. Two for the four areas drilled returned results that TerraX considers significant and requiring follow-up drilling. The North Structure had two holes drilled totaling 614 meters located between 150 and 250 meters north of the Mispickel zone and encountered wide zones of anomalous gold (**111.10 m @ 0.15 g/t Au in hole TWL17-037**), as well as more discrete areas of visible shearing, mineralization and alteration (**11.30 m @ 0.91 g/t Au in hole TWL17-038**). TerraX believes these two holes are indicating the potential for discovery of high grade shoots on the mineralized shear zones. A new structure 400 meters west of Mispickel is interpreted to deflect as it crosses a major geological contact from the Walsh Lake sediments to the Banting Lake volcanics. Four holes tested 400 meters of strike on this zone and total 1,348 meters. Significant shear, alteration, and mineralization is encountered on the contact, including a zone assaying **11.00 m @ 0.37 g/t Au**. TerraX believes this area has the potential for discovery of high grade shoots on the identified vein/shear zones.

On June 14, 2017 Terrax released the final assay results from the 2017 winter drill program. Included in these results were nine holes (3,713 metres) at the Sam Otto Main zone that have more than doubled the strike length to 750 m, intersected multiple zones of mineralization parallel to the main system and extended the depth of gold mineralization to greater than 300 metres. Highlights include:

- 123.5 metres at 0.59 gram per tonne gold including 25.07 m at 1.38 g/t Au in hole TSO17-026;
- 143 m at 0.48 g/t Au including 34.5 m at 1.1 g/t Au in hole TSO17-028;
- 97.17 m at 0.45 g/t Au including 24 m at 1.15 g/t Au in hole TSO17-031;
- 77.5 m at 0.51 g/t Au including 23.75 m at 1.02 g/t Au in hole TSO17-023.

The drilling at Sam Otto also intersected multiple narrower horizons parallel to the main Sam Otto structure with significant zones of gold mineralization, particularly in the hangingwall of the main zone. These include:

- 5.5 m at 1.29 g/t Au in hole TSO17-021;
- 5.8 m at 0.98 g/t Au in hole TSO17-023;
- Eight m at 1.07 g/t Au in hole TSO17-024;
- 6.55 m at 2.31 g/t Au in hole TSO17-025;
- 5.05 m at 1.51 g/t Au in hole TSO17-028;
- 2.0 m at 2.91 g/t Au in hole TSO17-031.

Sam Otto is considered a bulk-tonnage, low-grade target with very uniform grade distribution across the zone; however, some intersections encountered higher-grade zones including:

- 7.17 m at 3.24 g/t Au in hole TSO17-031;
- 1.8 m at 5.07 g/t Au in hole TSO17-027a.

Open in all directions, Sam Otto also hosts the Dave's Pond structure of classic high-grade lode gold targets 300 metres to the west and high-grade zones at Mispickel, one km to the northeast. TerraX believes that Sam Otto has potential to host a large, high-grade deposit similar to the past-producing Con mine to the south. This area is a priority target for generating future mineral resources.

Southbelt

The Southbelt property immediately adjoins the mine leases for the past producing Con Mine, where over 6.0 Moz of gold were mined at an average grade of 16.1 g/t Au over a 60-year mine life, and covers the extensions of several mineralized trends previously mined at the Con, including the namesake “Con Shear”, which appears to continue on to our property for up to 5 km. Other structures have been identified on surface that strike south from the Con property for distances of greater than 1 km onto our claims and contain values up to 94.9 g/t Au (news release September 23, 2015), with values in the 2016 exploration work up to **33.6 g/t Au and 16.4 g/t Au in grab samples** (news release December 21, 2016). A map of the sampling at Southbelt is available on our web site under "2016 Field Exploration" under the "Southbelt" project section.

In January 2017, TerraX received a Land Use Permit (“LUP”) for drilling on Southbelt. The Company was only able to test a few targets at Southbelt before spring break precluded further drilling, with a total of six holes (1,535 m) having been drilled, with results announced on June 14, 2017. Five holes tested the southern extension of the Con structure from the Con mine over approximately 850 metres of strike. All holes intersected the Con structure and assays were 0.49 g/t Au to 1.03 g/t Au over 2.30-to-5.30-metre intersections. Terrax is encouraged by the demonstrated continuity of the Con shear and the company will conduct further surface exploration this summer to better define potential higher-grade zones along this five km long structure as well as at the New Vein structure, where only a single hole was drilled due toan early spring breakup making drilling conditions unsafe. The single hole intersected the new vein structure and assayed 0.65 g/t Au over 2.47 metres. More drilling will be done on this structure in the summer following completion of detailed surface exploration along this greater-than-1.5-kilometre structure to better define controls on higher-grade areas observed in initial surface work.

Eastbelt

During March 2017, the Company acquired additional claims east of the City of Yellowknife known as the Eastbelt Property that have been incorporated into the YCG. Claim staking costs of $15,000 were included in acquisition costs during the three months ended April 30, 2017.

Summer Field Program for 2017

On June 27, 2017 TerraX announced that a property wide exploration program on the YCG has begun, with a high-resolution airborne Lidar and ortho-photo survey on the property covering approximately 350 square km having been completed in early June. This is being be followed by electro-magnetic, magnetic and radiometric geophysical surveys totally approximately 3,200 line kilometres that will be flown over all areas of the project that have not previously been surveyed. In addition, ground-based magnetic surveys will be conducted in areas of known high grade gold mineralization to identify drill targets that could expand the zones along strike and at depth.

Field work underway on the newly acquired Eastbelt property has included comprehensive field mapping and sampling of historic trenches in known areas of gold mineralization, with over 400 samples having already been delivered to the assay lab for analysis in the first 10 days of field work. This work will continue throughout the summer and be complemented by an extensive till and lake sediment sampling program to provide a comprehensive dataset to identify mineralized trends in areas of the property covered by overburden and water. This will allow us to better prioritize drill targets and more effectively deploy our exploration resources.

NWT Mineral Incentive Program grant of $200,000

TerraX has once again been awarded a $200,000 Mineral Incentive Program (“MIP”) grant by the government of the Northwest Territories, the maximum amount available to any one project under the program. The MIP was put in place to actively encourage mineral exploration in the Territories. The support shown through the MIP is seen by TerraX as a progressive move by the NWT government to sustain mining as an important economic driver in the NWT economy and demonstrates their long-term commitment to the industry.

During the three months ended April 30, 2017, the Company incurred $3,782,502 in exploration expenditures on the YCG, inclusive of geological consulting of $606,510, drilling and assays of $2,684,018, community relations of $45,036, geophysical of $49,850, environmental work of $32,389 and field expenses of $364,699.

Russell Starr and Rene Carrier appointed as Directors, Alan Sexton, P. Geo, appointed VP Exploration.

On May 8, 2017, TerraX announced the appointments of Russell Starr and Rene Carrier as Directors of the Company and of Alan Sexton, P. Geo, as VP Exploration.

Mr. Starr is a successful mining entrepreneur having most recently been a director and senior member of the management team of Cayden Resources, which was acquired by Agnico Eagle Mines in 2014. He has over 16 years of experience with global investment banks and independent boutique investment dealers; working as a salesperson, trader and investment banker. He is currently a Senior VP at Auryn Resources and holds an MBA from the Richard Ivey School of Business and a Master of Economics from the University of Victoria.

Mr. Carrier also served as Director of Cayden Resources prior to its acquisition by Agnico Eagle. He has been the President of Euro-American Capital Corporation, a private investment company, since May 1991. He served as Vice-President of Pacific International Securities Inc. where he worked for ten years until 1991. He served as Lead Director of International Royalty Corp. ("IRC") from 2003 to 2010. IRC was a global mineral royalty company engaged in the acquisition and creation of natural resource royalties which was acquired by Royal Gold Inc. in 2010.

Additionally, Mr. Alan Sexton, P. Geo was appointed as VP Exploration. Much of Al Sexton's career has been with major mining companies, specifically Western Mining Corporation (WMC) where he was the Site Manager for the Meliadine gold project in Nunavut (now owned by Agnico Eagle Mines) over a seven year period from discovery through to pre-feasibility. Mr. Sexton has also been the technical expert on mine development Environmental Impact Assessment reviews on several projects in the Kivalliq Region of Nunavut for the Kivalliq Inuit Association. In addition, he has managed several advanced diamond drilling programs on gold projects throughout the Abitibi Greenstone Belt of northeastern Ontario and authored numerous NI 43-101 compliant mineral resource estimates.

Mr. Tom Setterfield, one of the original founders of TerraX, resigned as a director to facilitate the appointment of Mr. Starr and Mr. Carrier to the board.

Use of Proceeds from Flow-through Private Placements

Flow-through ("FT") common shares require the Company to incur an amount equivalent to the proceeds of the issued FT common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Under the IFRS framework, the increase to share capital when FT shares are issued is measured based on the current market price of the common shares. The incremental proceeds, or "premium", are recorded as a FT liability.

During the year ended January 31, 2017, the Company received a total of $8,599,200 from the issuance of FT shares. These shares were not issued at a premium to the market price of the Company's shares. As a result, no deferred premium on FT shares was recognized. As at April 30, 2017, the Company has incurred and renounced expenditures of approximately $8,074,162 with respect to these FT financings, the remaining proceeds of which (approximately $525,038 as of April 30, 2017) must be spent on eligible exploration expenditures prior to December 31, 2017.

Options Granted

On May 16, 2017, the Company granted 1,250,000 stock options to directors and consultants that can be exercised at $0.62 per share until May 16, 2019. These options vest as to 25% on date of grant with 12.5% vesting every three months over the following eighteen-month period.

Exercise of Stock Options and Share Purchase Warrants

During the three months ended April 30, 2017, the Company received proceeds totalling $19,000 in conjunction with the exercise of 50,000 stock options with an exercise price of $0.38 per share and $653,000 in conjunction with the exercise of 1,200,000 share purchase warrants with exercise prices ranging between $0.51 and $0.57 per share.

CURRENT ECONOMIC CONDITIONS

During the calendar year 2016, ongoing global economic weakness made for extremely volatile capital markets characterized by weaker equity prices for mineral exploration companies and an environment in which limited opportunities exist to raise additional capital. While periods of stronger commodity prices have provided financing opportunities which TerraX has capitalized on in the past to augment its working capital, management of the Company remains cautious and will continue to take the necessary precautions to maintain its cash reserves. The Company has commitments in the future (in fiscal 2018 and beyond) on its mineral properties and the Company may be forced to abandon and write-off one or more of these properties if the Company does not have the means to meet these commitments, or does not feel it is fiscally prudent to do so.

With the completion of the final tranche of a FT private placement of $7,500,000 in August 2016, the Company anticipates having sufficient cash to meet all of its obligations through the end of the fiscal year ending January 31 2018, with in excess of $3.6 Million available as of the date of this report to fund extensive exploration at the YCG as well as our general and administrative operating expenses through to the end of that same period. The Company continues to review its mineral property commitments as well as its working capital position on an ongoing basis. While management does not believe that the abandonment of any of the Company's other mineral properties is required at this time, management may elect to abandon properties when obligations become due if deemed necessary in order to maintain the long-term viability of the Company.

RESULTS OF OPERATIONS – THREE MONTHS ENDED APRIL 30, 2017

Operating expenses for the three months ended April 30, 2017 (the "current period") totaled $599,435 as compared to $313,583 incurred during the three months ended April 30, 2016 (the "comparative period"). The significant variances in expenditures were as follows:

Consulting expense increased to $100,759 during the current period from $57,063 incurred during comparative period due to the retention of additional staff, on a contract basis, and a resumption in investor presentations and road shows during the current period to discuss the results of exploration underway at the YCG project.

Office, rent and miscellaneous expense increased to $59,537 during the current period from $19,793 incurred during comparative period mainly due to the Company incurring rent expense of $24,577 in conjunction with a new lease agreement that commenced February 1, 2017.

During the current period, the Company incurred $271,204 for share-based payments expense (a non-cash expense) for stock options granted during fiscal 2017 and vesting during the current period. This is an increase over the share-based payment expense of $53,053 incurred during the comparative period when a smaller number of options were granted and vested.

During the current period, the Company earned interest income of $20,425 on cash and cash equivalents on hand. This compares to $10,134 earned during the comparative period when the Company had less cash on hand.

As a result of the foregoing, the Company recorded a comprehensive loss for the current period of $579,010 as compared to a loss of $91,470 incurred during the comparative period.

Summary of Quarterly Results

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016
Net loss ($)	579,010	647,411	289,352	129,207	91,470	195,636	438,099	202,034
Per Share ($)	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.01

The loss for the second quarter of fiscal 2016 was reduced to $202,034 from the loss of $437,876 incurred during the first quarter primarily due to a reduction in share-based payment expense from $223,824 to $108,620 during the said period as well as further reduction in the loss due to a FT share premium reversal of $100,598 on completion of FT eligible exploration expenditures during the said period.

The loss for the third quarter of fiscal 2016 increased to $438,099 primarily due to a write-off of $298,644 with respect to the abandonment of the Central Canada property. This increased loss was partially offset by a FT share premium reversal of $163,306 on completion of FT eligible exploration expenditures during the said period.

The loss for the fourth quarter of fiscal 2016 decreased to $195,636 from the loss of $438,099 incurred during the third quarter primarily as there was no write-off required during the fourth quarter on the abandonment of mineral claims, an expense of $298,644 during the previous quarter.

The loss for the first quarter of fiscal 2017 was reduced to $91,470 from the loss of $195,636 incurred during the fourth quarter of fiscal 2016 primarily due to an increase in the FT share premium reversal in the current period to $211,979 from the $67,388 incurred during the prior period.

The loss for the second quarter of fiscal 2017 increased to $129,207 from the loss of $91,470 incurred during the first quarter primarily due to reduction in the FT share premium reversal in the current period to $141,294 from the

$211,979 recorded during the prior period, offset by an increase in expenditures during the current period for transfer agent, filing fees and shareholder communications to $211,535 from the $139,831 incurred during the first quarter.

The loss for the third quarter of fiscal 2017 increased to $289,352 from the loss of $129,207 incurred during the second quarter primarily due to reduction in the FT share premium reversal in the current period to $146,645 from the $141,294 recorded during the prior quarter, offset by an increase in share-based payments expense of $283,174 as compared with nil recorded during the first quarter.

The loss for the fourth quarter of fiscal 2017 increased to $647,411 from the loss of $289,352 incurred during the third quarter primarily due to the FT share premium reversal in the comparative period of $289,352 and an increase in consulting fees incurred during the fourth quarter.

The loss for the first quarter of fiscal 2018 decreased to $579,010 from the loss of $647,411 incurred during the fourth quarter of fiscal 2017 primarily due to a residual adjustment of $54,960 to the flow-through share premium reversal recorded in the fourth quarter.

Liquidity and Solvency

TerraX is in the development stage and therefore has no regular cash flow. As at April 30, 2017, the Company had working capital of $4,205,526, inclusive of cash and cash equivalents of $4,783,430. This compares to working capital at January 31, 2017 of $7,716,805, inclusive of cash and cash equivalents of $8,209,840.

As at April 30, 2017, the Company had current assets of $5,166,002, total assets of $24,328,222, and total liabilities of $960,476. The Company has no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $18,884,532 as at April 30, 2017 (January 31, 2017 - $15,058,515).

The decrease in cash and cash equivalents during the three months ended April 30, 2017 of $3,426,410 was due to net cash received from the issuance of common shares of $672,000 in conjunction with the exercise of stock options and share purchase warrants, offset by cash used for mineral property acquisition and exploration expenditures of $3,465,621, acquisition of equipment for $57,945 and cash used in operating activities of $574,840.

The Company expects that its cash on hand of 4,783,430 as at April 30, 2017 will be sufficient to fund the Company's planned exploration activities through the remainder of fiscal 2018 and into fiscal 2019, as well as its general and administrative expenses through the same period. As at the date of this report, the Company has approximately $3.6 million in cash and cash equivalents on hand.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Commitments

At April 30, 2017, the Company is committed to spend $525,038 by December 31, 2017 on eligible exploration and evaluation expenses under FT share purchase agreements completed in fiscal 2017. The Company has no commitments for capital expenditures.

Effective February 1, 2017, the Company entered into a lease agreement for the rental of office premises. The future lease payment schedule is as follows:

2018	$ 36,540
2019	50,400
2020	52,080
2021	53,760
2022	55,440
	$ 248,220

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Going concern

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared 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 the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Related Party Transactions

During the three months ended April 30, 2017, $38,700 (2016 - $18,000) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for management services provided to the Company.

During the three months ended April 30, 2017, the Company paid $529,993 (2016 – $327,875) to a private company in which Joseph Campbell, the President of the Company, and Thomas Setterfield, a former director of the Company, are principals, for geologic consulting services incurred on the Company's properties during the current period. In addition, a further $47,420 (2016 – $28,901) was paid to this same private company for consulting services provided during the period.

During the three months ended April 30, 2017, the Company paid $15,000 to a private company with whom the Company's current Chief Financial Officer is related.

During the three months ended April 30, 2017, the Company recognized share-based payments expense totalling $135,602 (2016 - $Nil) relating to stock options granted to directors and officers of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount as agreed to by the related parties.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk
The Company's functional currency is the Canadian dollar. All of its major expenses are transacted in Canadian dollars and the Company maintains all of its cash in Canadian dollars. As such, the Company has no immediate exposure to fluctuations in foreign exchange rates at the present time.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has positive cash balances at April 30, 2017 and no-interest bearing debt, therefore, interest rate risk is nominal.

Capital Management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	April 30, 2017	January 31, 2017
FVTPL:		
Cash and cash equivalents	$ 4,783,430	$ 8,209,840
Security deposits	140,000	70,000
	$ 4,923,430	$ 8,349,840

Financial liabilities included in the statement of financial position are as follows:

	April 30, 2017	January 31, 2017
Non-derivative financial liabilities:		
Trade payables	$ 668,815	$ 323,049
Due to related parties	291,661	250,853
	$ 960,476	$ 573,902

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2017 and January 31, 2017:

	As at April 30, 2017		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 4,783,430	$ -	$ -

	As at January 31, 2017		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 8,209,840	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of June 29, 2017.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 102,329,644 common shares issued and outstanding as of June 29, 2017. In addition, there were 8,121,000 incentive stock options and 8,968,641 share purchase warrants outstanding as of June 29, 2017.

Subsequent to April 30, 2017, the Company granted 1,250,000 stock options exercisable at $0.62 for a period of three years.