MARGAUX RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2017 AND 2016

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Margaux Resources Ltd. ("Margaux" or the "Corporation") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the years ended September 30, 2017 and 2016. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Corporation for the years ended September 30, 2017 and 2016, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited financial statements of the Corporation for the years ended September 30, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Margaux common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The date of this MD&A is January 29, 2018.

Further information about the Corporation and its operations can be obtained from the offices of the Corporation or from **www.sedar.com**.

FORWARD-LOOKING INFORMATION

This document contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond Margaux's control. Forward looking information does not relate strictly to historical or current facts and can be identified by words such as "anticipate", "believe", "estimate", "expect", "forecast", "intend", "may", "project", "should", "will" or similar expressions. These statements represent management's reasonable projections, expectations and estimates as of the date of this document but undue reliance should not be placed upon them, as they are derived from many assumptions. Such assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results implied by such forward looking statements.

The forward looking information in the MD&A is subject to significant risks and uncertainties and is based on many factors and assumptions which may prove to be incorrect; including, but not limited to, the following:

- The Corporation's expectations with regards to qualified expenditures for flow-through shares;
- The sufficiency of the Corporation's financial resources with which to conduct its capital program; and
- Whether or not the Corporation can obtain additional capital through equity or debt issuances.

The forward looking information represents management's views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. Management has attempted to identify important factors that could cause actual results to vary from those current expectations or estimates expressed or implied by the forward looking information. However, there may be other factors that cause actual results or performance to differ materially from current estimates and expectations. Other risks and uncertainties include, but are not limited to:

- Normal risks common to the mining industry, including various operational risks in the implementation of exploration, development and production operations;
- Risks and uncertainties of mining economic geological reserves;

- Revisions or amendments to capital expenditure programs, including development and exploitation opportunities;
- The Corporation's ability to attract and retain qualified professional employees and consultants;
- Risks as to the availability and pricing of appropriate financing alternatives on acceptable terms; and
- Potential changes in government policies, rules, approval process changes, delays or enhancements, or income tax regulations.

The preparation of the financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgment and decisions based on available geological, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Margaux's actual results, performance or achievements could differ materially from those expressed in, or implied in, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Margaux will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Margaux or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and Margaux does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

DESCRIPTION OF THE BUSINESS AND OVERALL PERFORMANCE

The Corporation was incorporated on August 5, 2009 pursuant to the *Business Corporations Act* (Alberta) as "Carmen Energy Inc.". On August 16, 2010 the Corporation amended its Articles to remove its private company and share transfer restrictions, and on July 4, 2011 completed the process of applying for status as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On July 22, 2013, the Corporation changed its name to "Margaux Resources Ltd.".

The Corporation is a mineral acquisition and exploration company focused on the development of zinc, gold, and tungsten deposits in the Kootenay Arc, in the southeastern region of British Columbia.

Jersey-Emerald Property, British Columbia

The 14,000 hectare Jersey-Emerald Property is the largest mineral property in the famous Kootenay Arc silver-lead-zinc-tungsten belt. Located near the town of Salmo, British Columbia, the property is host to 5 historic mines including British Columbia's second largest zinc mine and Canada's second largest tungsten mine (the Emerald Tungsten Mine). The property has a current measured and indicated NI 43-101 resource of 2.72 million tonnes averaging 0.358% WO3 and an additional inferred resource of 2.32 million tonnes averaging 0.341% WO3 using a 0.15% cut-off. The property includes the Victory Tungsten Deposit which has a historical resource of 84,000 tons of 0.54% WO3.

The historic Jersey Mine was British Columbia's second largest lead-zinc mine. The property has excellent infrastructure including $150 million in underground development, road access, power, water and a nearby skilled workforce.

During 2013, the Corporation entered into an option to purchase agreement (the "Jersey Emerald Option Agreement"), as amended, with Apex Resources Ltd. (formerly Sultan Minerals Inc.) ("Apex") to acquire Apex's 100% interest in the Jersey and Emerald Properties (the "Property") for total proceeds of $4,010,000 from 2013 to 2018.

Under the terms of the Jersey-Emerald Option Agreement, as amended, Margaux has the exclusive option to acquire the Property by:

1) by making payments to Apex in aggregate of $4 million, paid in several installments as follows:

a) initial deposits of $200,000 (paid);
b) release of a cash payment of $300,000, previously held in trust pending receipt of TSX-V approval for the transaction (paid);
c) on or before November 8, 2015, a cash payment of $400,000 (paid);
d) payments of $15,000 per month commencing April 1, 2016 for a period of 12 months for total payment of $180,000 (paid);
e) payments of $50,000 per month commencing April 1, 2017 for a period of 12 months for a total payment of $600,000 ($300,000 paid); and
f) payments of $100,000 per month commencing April 1, 2018 until a total of $4 million has been paid to Apex under the option agreement.

In the event that Margaux receives an advance payment from any working interest partners on the project, Margaux will make reasonable commercial efforts to provide expedited payments to Apex.

2) incurring not less than the aggregate sum of $2,000,000 in expenditures on the Property on or before the third anniversary of the execution of the Jersey-Emerald Option Agreement, which obligation has been satisfied.

Exploration expenditures on the Property during the year ended September 30, 2017 with the 2016 comparative figures shown in parentheses, include exploration and evaluation expenses of $2,784,023 ($302,361).

Under the terms of the Jersey-Emerald Option Agreement, Apex will retain a 1.5% net smelter returns royalty ("NSR") on the Property. For a period of 60 days following the earlier of (a) the commencement of commercial production on the Property or (b) the completion of a feasibility study on the Property, Margaux may purchase 50% of the NSR (being a 0.75% NSR) from Apex for a payment to Apex of $5.0 million.

Pursuant to the Jersey Emerald Option Agreement, Margaux will assume all existing royalties on the Property.

Jackpot Property, British Columbia

On October 24, 2016, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the Jackpot/Oxide Property (the "Jackpot Property"), located in Salmo, British Columbia (the "Jackpot Option Agreement").

The Jackpot Property is located in the Kootenay Arc belt in southeastern British Columbia, approximately 15 kilometres northeast of the community of Salmo, and approximately 2 kilometres north of Margaux's Jersey-Emerald Property. The Jackpot Property consists of mineral claims and crown grants, covering 1,326 hectares in the Nelson Mining Division, and is prospective for zinc, lead and silver. The aforementioned claims are on strike of the Badshot-Reeves Limestone, which hosts several important zinc-lead mines, including the Reeves MacDonald, Jersey-Emerald and HB.

Under the terms of the Jackpot Option Agreement, Margaux has the exclusive option to acquire the Jackpot Property, by making payments to the third party of an aggregate $340,000 cash and aggregate issuance of 500,000 common shares, paid in several installments as follows:

1) within ten business days of execution of the Jackpot Option Agreement, a cash payment of $5,000 (paid);

2) upon receipt of TSX-V approval, a cash payment of $5,000 and issuance of 50,000 common shares (paid and issued);

3) on or before the first anniversary of the execution of the Jackpot Option Agreement, a cash payment of $30,000 and the issuance of 150,000 common shares;

4) on or before the second anniversary of the execution of the Jackpot Option Agreement, a cash payment of $60,000 and issuance of 150,000 common shares;

5) on or before the third anniversary of the execution of the Jackpot Option Agreement, a cash payment of $90,000 and issuance of 150,000 common shares; and

6) on or before the fourth, fifth and sixth anniversary of the execution of the Jackpot Option Agreement, a cash payment of $50,000.

Under the terms of the Jackpot Option Agreement, the third party will retain a 1.5% NSR on the property. The Corporation may at any time purchase up to 50% of the NSR from the third party by payment of $1,000,000.

YSR and Sheep Creek Property, British Columbia

On January 6, 2017. The Corporation entered into an option agreement with Yellowstone Resources Ltd. (a private company, based in British Columbia) (the "YSR Agreement") for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (collectively, the "YSR Properties").

Under the terms of the YSR Agreement, the Corporation will have the exclusive option to acquire the Bayonne property, by making payments to Yellowstone Resources Ltd. of an aggregate $194,000 cash and aggregate issuance of 550,000 common shares, paid in several installments. The installments are to be paid as follows:

1) within ten (10) business days of execution of the Option Agreement, a non-refundable cash payment of $5,000 (paid);

2) within ten (10) business days of completion of title due diligence on the Properties, a cash payment of $9,000 (paid);

3) upon receipt of TSX-V approval, a cash payment of $10,000 and issuance of 50,000 common shares (paid and issued);

4) on or before the first anniversary of TSX-V approval, a cash payment of $30,000 and the issuance of 150,000 common shares;

5) on or before the second anniversary of TSX-V approval, a cash payment of $60,000 and issuance of 150,000 common shares; and

6) on or before the third anniversary of TSX-V approval, a cash payment of $80,000 and Issuance of 200,000 common shares.

In addition, the Corporation will have the exclusive option to acquire the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate $500,000 cash and aggregate issuance of 1,050,000 common shares, paid in several installments as follows:

1) upon receipt of TSX-V approval, a cash payment of $25,000 (paid);

2) on or before six months, following TSX-V approval, a cash payment of $25,000 (paid);

3) on or before the first anniversary of TSX-V approval, a cash payment of $25,000;

4) on or before eighteen (18) months following, TSV-V approval, a cash payment of $25,000;

5) on or before the second anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 300,000 common shares;

6) on or before the third anniversary of TSX-V approval, a cash payment of $100,000;

7) on or before the fourth anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 300,000 common shares; and

8) on or before the fifth anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 450,000 common shares.

CANEX Agreement

On January 19, 2017, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the CANEX property, located in Salmo, British Columbia (the "CANEX Option Agreement").

Under the terms of the CANEX Option Agreement, the Corporation have the exclusive option to acquire the mineral claim by making payments to the third party of an aggregate $110,000 cash and aggregate issuance of 275,000 shares.

Ore Hill and Aspenex Property, British Columbia

On March 2, 2017, the Corporation entered into an option agreement (the "Ore Hill Agreement") with a third party for the acquisition of 100% of the Ore Hill property and a purchase and sale agreement (the "Aspenex Agreement") for the acquisition of 100% of the Aspenex Property, located in Salmo, British Columbia.

Under the terms of the Ore Hill Agreement, the Corporation will have the exclusive option to acquire the Ore Hill mineral claims, by making payments to the vendor of an aggregate $80,000 cash and aggregate issuance of 200,000 common shares, paid in several installments over four years ($10,000 paid and 50,000 commons shares issued). In addition, the vendor will retain a 2% NSR on the Ore Hill Property. The Corporation may at any time purchase the 2% NSR from the third party by payment of $250,000.

Under the terms of the Aspenex Agreement, the Corporation purchased the Aspenex property from the vendor outright, for a purchase price of $5,000 cash and 50,000 common shares (paid and issued).

CORPORATE UPDATES

<u>Summary of 2017 Financing and Securities Matters</u>

On October 21, 2016, the Corporation closed the first tranche of a private placement by issuing 3,976,000 units of the Corporation at a price of $0.25 per unit, and 548,387 common shares of the Corporation issued on a CEE flow-through basis at a price of $0.31 per share. Each unit consists of one common share and one common share purchase warrant. Each whole warrant will expire 24 months from the closing date of the offering, and will entitle the holder to acquire one common share at a price of $0.30 per common share. Total aggregate gross proceeds raised under the first tranche of the financing were $1,164,000.

On November 24, 2016, the Corporation closed the second tranche of a private placement by issuing 2,128,000 units of the Corporation (6,104,000 total) at a price of $0.25 per unit, and 1,122,582 common shares of the Corporation issued on a CEE flow-through basis (1,670,969 total) at a price of $0.31 per share. Each unit consists of one common share and one common share purchase warrant. Each whole warrant will expire 24 months from the closing date of the offering, and will entitle the holder to acquire one common share at a price of $0.30 per common share. Total proceeds raised under the financing were $2,044,000.

In addition, the Corporation also granted 475,000 common share purchase options to certain employees, consultants and the Corporation's Vice President of Exploration in accordance with the Corporation's shareholder approved stock option plan. The stock options are exercisable at a price of $0.25 per share.

On November 29, 2016 the Corporation granted an aggregate 1,305,000 common share purchase options in accordance with the Corporation's shareholder-approved stock option plan. These stock options include 575,000 options to directors, 250,000 to officers, 200,000 to the advisory committee and the balance to consultants and Investment Relations consultants. The stock options are exercisable at a price of $0.25 per share.

On February 6, 2017 the Corporation granted an aggregate 175,000 common share purchase options in accordance with the Corporation's shareholder-approved stock option plan to an officer of the Corporation. The stock options are exercisable at a price of $0.25 per share.

On March 9, 2017, the Corporation closed on a non-brokered private placement of 4,876,661 units of the Corporation at a purchase price of $0.30 per unit and 1,237,998 common shares issued on a "CEE flow-through" basis at a purchase price of $0.36 per flow-through share for total proceeds of $1,908,678. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrants in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.40 per warrant for a period of two years from March 9, 2017.

On March 31, 2017, the Corporation closed on a non-brokered private placement of 3,814,996 units of the Corporation at a purchase price of $0.30 per unit and 2,169,556 common shares issued on a "CEE flow-through" basis at a purchase price of $0.36 per flow-through share for total proceeds of $1,925,541. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrants in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.40 per warrant for a period of two years from March 31, 2017. The Corporation also issued 400,000 shares in settlement of a $100,000 promissory note payable.

On August 17, 2017 the Corporation granted an aggregate 1,760,000 common share purchase options in accordance with the Corporation's shareholder-approved stock option plan. These stock options include 1,050,000 options to directors, 250,000 to officers, 275,000 to the advisory committee and the balance to consultants. The stock options are exercisable at a price of $0.30 per share.

Each of the Option grants during the year expire five years from the date of grant and vest over a period of three years, with 1/3 of the Options vesting on issuance, and 1/3 vesting at the end of each the first and second anniversary of the date of grant.

FINANCIAL INTRUMENTS, LIQUIDITY AND CAPITAL RESOURCES

The Corporation's financial instruments, consisting of cash, GST receivables and trade payables, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at September 30, 2017, the Corporation had trade and other payables of $305,718 (2016 - $295,230) due within 12 months and had cash on hand of $1,024,387 (2016 - $710,271).

The Corporation has the available financing in order to fund its current commitments and payables and to carry out its ongoing drill program at its properties. Pursuant to the Jersey-Emerald Option Agreement, the Corporation is required to make option payments of $50,000 per month until March 1, 2018 and commencing on April 1, 2018 the Corporation will be required to make option payments of $100,000 per month until a total of $4 million has been paid to Apex

The Corporation defines capital to include equity, comprised of share capital including warrants, contributed surplus and deficit.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions and to maintain the development program for the Jersey Emerald, Jackpot/Oxide, Bayonne Sheep Creek Properties and Ore Hill and Aspenex properties (collectively, the "Properties"). To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity, by securing strategic partners or assuming debt.

HIGHLIGHTS

For the year ended September 30,	**2017**	2016	2015
Net revenues	**$ -**	$ -	$ (778)
Cash from financing activities	**$ 5,667,819**	$ 1,615,285	$ 365,229
Cash used in operations	**(2,355,690)**	(568,350)	(304,738)
Net loss	**(2,796,271)**	(549,505)	(395,153)
Loss per share - basic and diluted	**(0.07)**	(0.02)	(0.02)

As at September 30,	**2017**	2016	2015
Total assets	**6,450,354**	2,922,535	1,766,164
Current assets	**1,157,908**	775,752	50,675
Current liabilities	**305,718**	354,956	348,585
Working capital (deficiency)	**$ 852,190**	$ 420,796	$ (297,910)
Common shares outstanding	**49,843,118**	29,093,938	21,021,255

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Corporations's quarterly financial results:

	September 30		June 30		March 31		December 31	
Three months ended,	**2017**	2016	**2017**	2016	**2016**	2015	**2016**	2015
Revenues								
Petroleum and natural gas sales	-	-	-	-	-	-	-	203
Royalties	-	-	-	-	-	-	-	(981)
	-	-	-	-	-	-	-	(778)
Expenses								
General and administrative	**$ 420,169**	$ 250,050	**$ 462,451**	$ (8,383)	**$ 799,509**	$ 83,587	**$ 466,431**	$172,003
Operating and production costs	**73,149**	(16,287)	**23,087**	86,890	**33,105**	1,384	**27,430**	2,329
Depreciation and depletion	**9,284**	5,083	**5,118**	1,148	**4,896**	1,148	**5,339**	1,148
Share based compensation	**194,537**	35,711	**100,686**	17,288	**110,890**	1,045	**110,750**	3,135
Foreign exchange loss	**6,904**	-	**4,599**	-	**1,443**	-	**1,842**	-
Asset retirement obligation	-	-	-	-	-	-	-	-
Loss before other items	**$ 704,043**	$ 274,557	**$ 595,941**	$ 96,943	**$ 949,844**	$ 87,164	**$ 611,792**	$ 178,615
Interest income	**(403)**							
Flow through share premium	-	(7,774)	**(30,975)**	-	**(18,545)**	-	**(15,426)**	-
Fair value gain on derivative	**1,007**	-	-	-	**(1,007)**	-	-	-
Forgiveness of debt	-	(80,000)	-	(80,000)		-	-	-
Net loss from Operations	**$ 704,647**	$ 186,783	**$ 564,966**	$ 16,943	**$ 930,292**	$ 87,164	**$ 596,366**	$ 178,615
Loss per share – basic and diluted	**$ 0.01**	$ 0.00	**$ 0.01**	$ 0.00	**$ 0.03**	$ 0.00	**$ 0.02**	$ 0.01

DISCUSSION OF OPERATIONS

The Corporation is focused on the development of zinc, gold, and tungsten deposits in the Kootenay Arc, in the southeastern region of British Columbia. The Corporation's general and administrative expenses increased to $2,148,560 from the 2016 comparative amount of $497,257. The increase in general and administrative expenses is a result of consultants, travel, marketing and professional fees related to the business of the Corporation for the year ended September 30, 2017. The Corporations is dedicating resources, including third party consultants, to market the Corporation to investors.

General and administrative details:

		2017		**2016**
Consulting	$	697,410	$	80,333
Travel & Meals		260,827		51,244
Office & Administrative		211,914		69,751
Marketing		753,517		127,640
Professional Fees		224,892		168,289
Total	**$**	**2,148,560**	**$**	**497,257**

Operating and production

The Corporation incurred operating costs of $156,771 for the year ended September 30, 2017 (2016 –$74,316). The increase for the year ended September 30, 2017 is a result of exploration activity at the Corporation's Properties.

Total expenses

Total expenses for the year ended September 30, 2017 was $2,861,620 (2016 - $637,279). The increase for the year ended September 30, 2017 is a result of increased general and administrative expenses and share based payments due to the additions of consultant's and the Corporation's increased marketing efforts.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation is exposed to liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

As at September 30, 2017, the Corporation had cash and cash equivalents of $1,024,387 compared with $710,271 at September 30, 2016. The Corporation continues to experience negative operating cash flow as a result of no revenue coupled with the Corporation's ongoing expenses related to its exploration and business development activities. The Corporation anticipates a negative operating cash flow will continue until such time as production begins on its existing properties

As at September 30, 2017, the Corporation's working capital was $852,190 (2016 - $420,796).

The Corporation's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate sufficient cash from operating and financing activities to meet the Corporation's needs. However, certain conditions exist that may cast significant doubt on the validity of this assumption. The Corporation incurred a net loss of $2,796,271 for the year ended September 30, 2017 (2016 - $549,505) and had negative cash flows from operating activities of $2,355,690 (2016 - $568,350). These audited financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these financial statements. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or assuming debt.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Corporation or engages in leasing or hedging services with the Corporation.

PROPERTY AND EQUIPMENT

	Petroleum and natural gas assets $	Equipment $	Total $
Cost			
Balance as at October 1, 2016	**272,399**	**69,609**	**342,008**
Additions	-	149,105	**149,105**
Balance as at September 30, 2017	**272,399**	**218,714**	**491,113**
Accumulated depletion and depreciation and impairment			
Balance as at October 1 2016	**272,399**	**27,661**	**300,060**
Charge for the period	**-**	24,638	24,638
Balance as at September 30, 2017	**272,399**	**52,299**	**324,698**
Net book value			
September 30, 2017	**-**	**166,415**	**166,415**

EXPLORATION AND EVALUATION ASSETS

	$
Balance as at September 30, 2016	**2,004,835**
Additions – Jersey Emerald	2,784,023
Additions – Jackpot	100,627
Additions – Bayonne	36,546
Balance as at September 30, 2017	**4,926,031**

Exploration and Evaluation ("E&E") assets consist of costs expended on the Corporation's projects which are pending determination of technical feasibility and commercial viability.

Management assessed the E&E assets at September 30, 2017 and determined that no indicators of impairment existed.

During the year ended September 30, 2017, the Corporation primarily focused its activities to mining on its Jersey-Emerald Property. The Corporation also entered into option agreements to acquire 100% of the Jackpot/Oxide Property, Bayonne and Sheep Creek Properties and the Ore Hill Property. The Corporation entered into a purchase and sale agreement to acquire 100% of the Aspenex Property.

The Corporation incurred $2,784,023 of E&E on the Jersey Emerald Property during the year ended September 30, 2017 (2016 - $302,361) relating to exploration activity.

The Corporation incurred $100,627 of E&E on the Jackpot Property during the year ended September 30, 2017 relating to exploration activity.

The Corporation incurred $36,546 of E&E on the Bayonne Property during the year ended September 30, 2017 relating to exploration activity

RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at September 30, 2017, the Corporation had an amount of $21,206 (2016 - $17,563) due to directors and officers included in trade and other payables.

During the year ended September 30, 2017, the Corporation was provided geological consulting services in the amount of $14,205 (2016 - $51,933) from a Company controlled by a director of the Corporation. The Corporation paid $96,150 (2016 - $nil) to an officer for compensation as Vice President Exploration of the Corporation. The total amounts have been capitalized to the mineral property as exploration cost. The Corporation also incurred professional services in the amount of $70,838 (2016 - $9,863) provided by a Company controlled by a director of the Corporation. These fees have been reflected in general and administrative expenses. An aggregate of $240,500 (2016 - $80,325) in consulting fees were paid to a corporation owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of $78,056 (2016 - $85,799) were also reimbursed to a director and officer of the Corporation recorded in general and administrative expenses on the statement of net loss and comprehensive loss.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	September 30, 2017 **$**	September 30, 2016 $
Short-term employee salary and benefits	**1,313**	3,056
Share-based payments	**516,863**	63,655
Capitalized share-based payments	**40,632**	-
	557,495	66,711

OUTSTANDING SHARES

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, all without nominal or par value. The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

Common Shares

	Number of Shares
Balance at September 30, 2016	29,093,938
Common shares issued (a)(b)(c)(d)(e)(f)(g)(h)(i)(j)(k)	20,749,180
Balance at September 30, 2017	**49,843,118**

Warrants

	Number of Warrants
Balance at September 30, 2016	4,775,000
Warrants issued (a)(b)(e)(h)	10,449,829
Balance at September 30, 2017	**15,224,829**

(a) On October 21, 2016, the Corporation closed on the first tranche of a non-brokered private placement of 3,976,000 units of the Corporation at a purchase price of $0.31 per unit and 548,387 common shares issued on a "CEE flow-through" basis at a purchase price of $0.31 per unit for total proceeds of $1,164,000. Each unit consists of one common share of the Corporation and one common share purchase warrants in the Corporation. In addition, the corporation issued 260,032 finder's warrants. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from October 21, 2016.

(b) On November 24, 2016, the Corporation closed on the second tranche of a non-brokered private placement of 2,128,000 units of the Corporation at a purchase price of $0.25 per unit and 1,122,582 common shares issued on a "CEE flow-through" basis at a purchase price of $0.31 per unit for total proceeds of $880,000. Each unit consists of one common share of the Corporation and one common share purchase warrants in the Corporation. In addition, the corporation issued 171,674 finder's warrants. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from November 24, 2016.

(a) On January 6, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 common shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016. The shares carry a resale restriction that expired on October 6, 2017.

(b) On February 16, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 common shares as per the Bayonne and Sheep Creek Properties option agreement signed on December 23, 2016. The shares carry a resale restriction that expired on November 16, 2017.

(c) On March 9, 2017, the Corporation closed on a non-brokered private placement of 4,876,661 units of the Corporation at a purchase price of $0.30 per unit and 1,237,998 common shares issued on a "CEE flow-through" basis at a purchase price of $0.36 per unit for total proceeds of $1,908,678. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrants in the Corporation. In addition, the corporation issued 107,878 finder's warrants. Each whole warrant will be exercisable by the holder at a price of $0.40 per warrant for a period of two years from March 9, 2017.

(d) On March 10, 2017, upon receipt of the TSX-V approval, the Corporation issued 25,000 common shares as per the CANEX option agreement signed on January 19, 2017. The shares carry a resale restriction that expired on December 10, 2017.

(e) On March 14, 2017, options that were issued in August 5, 2016 were exercised at $0.25 per share in exchange for 50,000 shares for gross proceeds of $12,500.

(f) On March 31, 2017, the Corporation closed on a non-brokered private placement of 3,814,996 units of the Corporation at a purchase price of $0.30 per unit and 2,169,556 common shares issued on a "CEE flow-through" basis at a purchase price of $0.36 per unit for total proceeds of $1,925,541. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrants in the Corporation. In addition, the corporation issued 200,772 finder's warrants. Each whole warrant will be exercisable by the holder at a price of $0.40 per warrant for a period of two years from March 31, 2017. The Corporation also issued 400,000 common shares in settlement of a $100,000 promissory note payable.

(g) On April 3, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 common shares as per the Ore Hill option agreement and Aspenex purchase agreement. The shares carry a resale restriction that expired on January 3, 2018.

(h) On April 4, upon receipt of the TSX-V approval, the Corporation issued 400,000 common shares in settlement of a $100,000 promissory note amount owing to a third party.

(i) On May 16, 2017, options that were issued November 1, 2016 were exercised at $0.25 in exchange for 50,000 common shares for gross proceeds of $12,500.

(j) On September 13, 2017, upon receipt of the TSX-V approval, the Corporation issued 150,000 common shares at a market price of $0.24 per common share as per a service partnership agreement between the Corporation and a third party. The value of the shares was recorded as a consulting expense on the statement of net loss and comprehensive loss.

(k) As part of the units issued on October 21, 2016 and November 24, 2016 (a)(b); subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.30 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $1,313,906 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.56%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	140%-144%
Weighted-average fair value	$0.21 -$0.22
Expected Life	2 years

(l) As part of the units issued on March 9, 2017 and March 31, 2017 (e)(h); subscribers received one-half warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.40 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $901,577 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.56%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	141%-142%
Weighted-average fair value	$0.21
Expected Life	2 years

FLOW-THROUGH SHARES

During the year ended September 30, 2017, the Corporation raised $1,744,720 on a CEE flow-through share basis and was required to incur a net total of $1,744,720 of qualifying expenditures to renounce the tax deductions to investors. A flow- through share premium liability of $49,520 was recognized. The accumulated flow-through share liability of $64,946 was amortized during the year as the Corporation met its flow-through share commitment by incurring sufficient qualifying expenditures as at September 30, 2017.

During the year ended September 30, 2016, the Corporation raised $580,000 on a CEE flow-through share basis and $200,000 on a CDE flow-through share basis and was required to incur a net total of $780,000 of qualifying expenditures to renounce the tax deductions to investors. As at September 30, 2016, $194,361 of qualifying expenditures were incurred and an additional $585,639 was incurred in the year ended September 30, 2017. The Corporation has met its flow-through shares expenditure commitment. The total flow-through share premium liability of $23,200 on the issuance of the flow-through shares had been amortized in the amount of $7,774 to reflect the proportion of expenditures incurred to September 30, 2016. The amortization was reflected as flow-through share premium in the statement of net loss and comprehensive loss.

STOCK OPTION PLAN

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted-average Exercise Price	Weighted-average Life (years)
Outstanding at September 30, 2016	1,525,000	$0.12	3.6
Expired (e)(g)	(300,000)	$0.25	-
Exercised (d)(f)	(100,000)	$0.25	-
Granted (a)	475,000	$0.25	4.1
Granted (b)	1,350,000	$0.25	4.2
Granted (c)	175,000	$0.32	4.4
Granted (h)	1,760,000	$0.30	4.9
Exercisable as at September 30, 2017	2,446,654	$0.20	3.8
Outstanding at September 30, 2017	4,840,000	$0.24	3.8

At September 30, 2017, the weighted-average life of the options outstanding was 3.8 years (2016 – 3.8 years).

(a) On November 1, 2016, the Corporation issued 475,000 stock options to the certain employees, consultants, and the Corporation's Vice President of Exploration in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.25 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

The fair value of these options were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.70%
Weighted-average life	5 years
Dividend yield	nil
Annualized Volatility	139%
Weighted-average fair value per option	$0.27
Expected Option Life	5 years
Forfeiture rate	0%

(b) On November 29, 2016, the Corporation issued 1,350,000 stock options to directors, officers, advisory committee members and Investment Relations consultants of the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.25 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.95%
Weighted-average life	5 years
Dividend yield	nil
Annualized Volatility	138%
Weighted-average fair value per option	$0.29
Expected Option Life	5 years
Forfeiture rate	0%

(c) On February 6, 2017, the Corporation issued 175,000 stock options to the Corporation's Vice President of Exploration in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.32 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.07%
Weighted-average life	5 years
Dividend yield	nil
Annualized Volatility	136%
Weighted-average fair value per option	\$0.26
Expected Option Life	5 years
Forfeiture rate	0%

(d) On March 14, 2017, 50,000 stock options were exercised at a price of \$0.25 per option in exchange for 50,000 common shares of the Corporation for gross proceeds of \$12,500.

(e) On March 31, 2017, 200,000 stock options expired due to the expiry consultants' agreements.

(f) On May 12, 2017, 50,000 stock options were exercised at a price of \$0.25 per option in exchange for 50,000 common shares of the Corporation for gross proceeds of \$12,500

(g) On June 21, 2017, 100,000 stock options expired because consultants' agreements expired.

(h) On August 17, 2017, the Corporation issued 1,760,000 stock options to the Corporation's directors, officers, advisory committee members and IR consultants of the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at \$0.30 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.47%
Weighted-average life	5 years
Dividend yield	nil
Annualized Volatility	132%
Weighted-average fair value per option	\$0.23
Expected Option Life	5 years
Forfeiture rate	0%

Share-based payments expense of \$516,863 for the year ended September 30, 2017 (September 30, 2016 – \$57,179) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments, and recorded over the vesting period of the options. Share-based payments of \$40,632 (2016 - \$nil) were capitalized to E & E related to options issued to the Vice President of Exploration.

CONTRIBUTED SURPLUS

Description	**September 30, 2017**	**September 30, 2016**
Opening balance	**\$ 4,464,557**	\$ 4,407,378
Share-based payments	**516,863**	57,179
Capitalized share-based payments	**40,632**	-
Discount of shares issued	**(32,556)**	
Equity component of note payable	**3,971**	-
Closing balance	**\$ 4,993,467**	\$ 4,464,557

CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and financial statements for the year ended September 30, 2017 and 2016.

The Management of the Corporation has filed the Venture Issuer Basic Certificate with the filings for the year ended September 30, 2017 and 2016 on SEDAR at www.sedar.com.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

> (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and
>
> (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

CRTITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these audited financial statements is in conformity with IFRS. Preparing the audited financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Note 4 of the Corporation's September 30, 2016 audited financial statements provide greater detail regarding all of the significant accounting policies.

FUTURE ACCOUNTING STANDARDS

The new IFRS pronouncements which have been issued but are not yet effective and may have an impact on the Corporation in the future are as follows:

IFRS 9, "Financial Instruments" – replaces IAS 39, "Financial Instruments: Recognition and Measurement". The standard revises and limits the classification and measurement models available for financial assets and liabilities to amortized cost or fair value. Previously multiple models were available. The new standard is effective for annual periods beginning on or after January 1, 2018. The Corporation has reviewed the new standard the effects of the new standard and management believes there will be no immediate impact on the Corporation.

IFRS 16, "Leases" – seeks to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted.

BUSINESS RISKS AND UNCERTAINTIES

The Corporation's production and exploration activities are concentrated in Western Canada where activity is highly competitive and includes companies ranging from smaller junior producers to the much larger integrated petroleum and mining companies. The Corporation is subject to various types of business risks and uncertainties, including:

- Finding and developing mineral reserves at economic costs
- Commodity Risk
- Production of minerals in commercial quantities
- Marketability of minerals produced
- Substantial capital requirements and access to capital markets
- Environmental risks
- Reliance on operators and key employees
- Third party credit risk
- Insurance
- Changes in legislation and incentive programs

The Corporation is not in a position to predict these risks or uncertainties, nor evaluate their impact, as the case may be, on its activities. The following summary of risks and uncertainties applicable to the Corporation are not comprehensive, and there may be other factors, or a combination of factors, that can cause actual results to differ from those presented in the Corporation's forward-looking statements.

Commodity Risk

The value of the Corporation's exploration and evaluation of assets are related to the price of zinc, lead, tungsten, gold and other mineral commodities, and the outlook for the minerals. The Corporation's business could be affected by commodity market price movements and their impact on the future economic viability of the Corporation's projects and the ability of the Corporation to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Exploration Risk

The Corporation operates as a mineral explorer in the mining industry which involves considerable financial and technical risk. Substantial time and expenditures are usually required to make discoveries and to establish economic reserves. It is impossible to ensure that the current properties and programs of the Corporation will result in economic discoveries and development. Accordingly, success in achieving the objectives of the Corporation is affected by some circumstances over which the Corporation has no control.

In order to reduce exploration risk, the Corporation strives to employ highly qualified and motivated professional employees with a demonstrated ability to generate quality proprietary geological and geophysical prospects. To help maximize drilling success, the Corporation combines exploration in areas that afford multi-zone prospect potential, targeting a range of low to moderate risk prospects with some exposure to select high risk, high reward opportunities.

Additional Financing

The business of the Corporation depends, in part, on its ability to raise funds by issuing securities of the Corporation. The Corporation is exposed to financing risks such as not being able to raise sufficient funds to meet the required option payments on the Properties. To mitigate this risk, the Corporation has intermediaries with valuable commercial relationships actively searching for ways to raise funds. The Corporation intends to raise the required funds through issuance of equity by securing strategic partners or assuming debt. The exercise of stock options, as well as any new equity financings, represent dilution factors for present and future shareholders.

Credit Risk

Credit risk is the risk that a customer or counter party will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Corporation's credit risk is primarily attributable to cash and trade and other receivables which are with customers and are subject to normal credit risks.

Credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions.

The Corporation's maximum exposure for the year ended September 30, 2017 relates to $1,024,388 (2016 – $710,271) of cash and $24,536 (2016: $26,147) of trade receivables for year ended September 30, 2017. Trade receivables consisted to goods and services tax owed to the Corporation.

Liquidity Risk

Liquidity risk rises from the Corporation's general funding needs and in the management of the Corporation's assets, liabilities and mineral property expenditure requirements. The Corporation manages its liquidity risk to maintain sufficient liquid financial resources to meet its commitments and obligations as they come due in a cost-effective manner.

Environmental Risks

Mining can involve environmental risks such as pollution of the environment and destruction of natural habitat, as well as safety risks such as personal injury. In order to mitigate such risk, the Corporation conducts its operations at high standards and follows safety procedures intended to reduce the potential for personal injury to employees, contractors and the public at large.

The Corporation mitigates its risk related to producing hydrocarbons and minerals through the utilization of the most appropriate technology and information systems. In addition, the Corporation seeks to maintain operational control of the majority of its prospects.

Management and Employees

The Corporation depends on the skills and experience of its management team and other key employees. The Corporation also relies on its ability to attract and retain skilled personnel in a competitive environment. A failure to recruit and retain employees in order to assist the Corporation's business may adversely affect the Corporation's business or financial condition.

SUBSEQUENT EVENTS

On December 1, 2017, the Corporation issued 150,000 common shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016 and as per TSX-V approval received on December 1, 2016.

On December 7, 2017, the Corporation closed the first tranche on its non-brokered private placement by issuing:

- 4,399,999 units of the Corporation at a price of $0.30 per Unit; and
- 1,134,943 common shares of the Corporation issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) at a price of $0.36 per Flow-Through Share, for aggregate gross proceeds of $1.7 million.

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.40 per warrant share until 4:30 pm (Calgary time) on that date that is 24 months from the issuance closing date, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds $0.50 per share.

On December 22, 2017, the Corporation closed the second tranche of the above non-brokered private placement by issuing:

- 1,377,600 units at a price of $0.30 per Unit; and
- 3,076,521 common shares of the Corporation issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) at a price of $0.36 per Flow-Through Share, for aggregate gross proceeds of $1.5 million.

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.40 per warrant share until 4:30 pm (Calgary time) on that date that is 24 months from the issuance closing date, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds $0.50 per share.

Directors and Officers

H. Tyler Rice, CEO, President, and Director
Jason Linkewich, CFO
Linda Caron, Vice President Exploration
James Letwin, Director and Chairman
Doug Foster, Director
Robert Derkitt, Director
Edward Lawrence, Director