Makena Resources Inc.
Management Discussion and Analysis
For the three months ended September 30, 2017

Date of Report: November 27, 2017

The following discussion and analysis of the Company's financial condition and results of operations for the three months ended September 30, 2017 should be read in conjunction with the financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Disclaimer for Forward-Looking Information

Certain statements in this annual report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities such as intended work programs on existing properties, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and the Company's ability to manage its property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements, including (1) a downturn in general economic conditions, (2) a decreased demand or price of commodities, (3) delays in the start of projects with respect to its property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mining, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond the Company's control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Nature of Business

The Company's principal business activities include acquiring, exploring and evaluation of mineral properties. At September 30, 2017, the Company's mineral interests are located in Canada as further described below.

Mineral Properties

BC Clone Mineral Claims

By an option agreement dated November 28, 2005, and amended June 9, 2009, the Company acquired the right to earn an undivided 50% interest in the Clone mineral claims, situated in the Skeena Mining Division of northwestern British Columbia. Under the terms of the option agreement, the Company earned its undivided 50% interest in the Clone mineral claims by paying a total of $120,000 cash consideration, issuing 500 common shares, and incurring exploration expenditures on the Clone mineral claims aggregating $1,800,000.

In August 2017, the Company decided to drop or reduce the size of certain mineral claims. Accordingly, prior acquisition costs of $56,538 and exploration costs of $706,043 associated with these claims were written off as of June 30, 2017.

Furthermore, on September 26, 2017, the Company entered into a purchase agreement (the "Agreement") with an arm's length party (the "Purchaser"). The Purchaser agreed to acquire all of the Company's right, title and interest in and to the undivided 50% interest in the Clone mineral claims. In consideration, the Purchaser agreed to pay the Company an aggregate total of $300,000 over a two year period ($100,000 on or before October 5, 2018 and the remaining $200,000 on or before October 5, 2019); issue 3,000,000 common shares of the Purchaser to the Company on or before October 10, 2017 (received); and assume the liabilities incurred by the Company in connection with its interest in the Clone mineral claims totalling $72,386. The Company has agreed not to sell, deal, assign or transfer 1,000,000 of the Purchaser until February 12, 2018, 1,000,000 until October 5, 2018 and 1,000,000 until October 5, 2019. Accordingly, the Company further wrote off the carrying value of the Clone mineral claims by $454,766 as of June 30, 2017 and $69,000 as of September 30, 2017, respectively. Subsequent to September 30, 2017, this transaction closed.

As at September 30, 2017, the Company had spent a total of $705,435 in exploration expenditures on the remaining claims of this property.

SK DB Diamond Prospect

On June 28, 2016, the Company entered into a share purchase agreement (the "DB Agreement") with three arm's length vendors (the "Diamond Vendors") to purchase a 100% of the issued and outstanding shares of DB Diamond Holdings Inc. ("DB"), which holds a 100% interest in prospective diamond claims in the Athabasca of Saskatchewan. The acquisition has been accounted for as an asset acquisition. In July 2016, the Company issued 800,000 shares (issued at a value of $560,000) to the Diamond Vendors pursuant to the DB Agreement. DB became a wholly-owned subsidiary of the Company.

Management plans to investigate this property and is in the process of conducting a financing, of which a portion of the funds are intended to be utilized to explore this property. Although the Company has secured financings in the past, there is no assurance that it will be able to do so in the future on terms that are favourable to the Company or at all.

QB Bachman Lithium Prospect

On August 24, 2016, the Company entered into a share purchase agreement (the "Bachman Agreement") with three arm's length vendors (the "Bachman Vendors") to purchase 100% of the

issued and outstanding shares of Bachman Lithium Corp. ("Bachman"). The sole asset of Bachman consisted of certain mineral claims in the Abitibi area of Quebec Province. The acquisition has been accounted for as an asset acquisition. In September 2016, the Company issued 675,000 shares (issued at a value of $270,000) to the Bachman Vendors pursuant to the Bachman Agreement. Bachman became a wholly-owned subsidiary of the Company.

Management plans to investigate this property and is in the process of conducting a financing, of which a portion of the funds are intended to be utilized to explore this property. Although the Company has secured financings in the past, there is no assurance that it will be able to do so in the future on terms that are favourable to the Company or at all.

Overall Performance

The Company is a mineral exploration issuer engaged in the business of the acquisition, exploration and, if warranted, development of mineral properties. As such, it has not had any revenues in the past two fiscal years. The Company does not expect to generate consistent revenues from production of its properties in the foreseeable future. The Company expects to continue to incur expenses as work is conducted to further explore and develop its mineral properties.

The Company has conducted limited exploration on its mineral properties to date, due to, among other things, the uncertainties associated with the prices of precious and base metals and other minerals, restrictions on accessing the mineral properties due to climate issues, the availability of equity financing for the purposes of mineral exploration and development and the global economic climate. The Company is in the process of exploring its mineral properties and has not yet determined whether the mineral properties contain reserves that are economically recoverable. The Company's future performance is largely tied to the outcome of future exploration and the overall financial markets.

The recoverability of minerals from the Company's mineral properties are dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its properties and upon future profitable production. Uncertainty in credit markets has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development of the Company's mineral properties, without diluting the interests of current shareholders of the Company.

As at September 30, 2017, the Company had a working capital deficiency of $886,024 and cash of $88,954 as compared to working capital deficiency of $718,721 and cash of $103,902 as at June 30, 2017. As at September 30, 2017, the Company had an accumulated deficit of $22,866,520 since inception. The Company expects to incur further losses in the development of its business, all of which casts substantial doubt on the Company's ability to continue as a going concern.

Net comprehensive loss decreased from $360,765 for the three months ended September 30, 2016 to $236,303 for the three months ended September 30, 2017. The decrease in net comprehensive loss was mainly due to a decrease in the write-down of exploration and evaluation properties, as well as to a decrease in operating expenses. As at September 30, 2017, the Company has cash of $88,954 and working capital deficiency of $886,024.

As a result, management believes that the Company's available funds will not be sufficient to meet its working capital requirements for the next twelve month period. Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to

fund the Company's planned work programs on its mineral properties and ongoing operations. Although the Company has secured financings in the past, there is no assurance that it will be able to do so in the future on terms that are favourable to the Company or at all. The Company may have difficulty raising additional funds as necessary due to a number of uncertainties and risk factors, including uncertainty in credit markets, fluctuation in commodity prices and general economic downturns. See "Liquidity and Capital Resources" and "Risk Factors" for a discussion of risk factors that may impact the Company's ability to raise funds.

Information about the Company's commitments relating to the Company's mineral property is discussed above under "Nature of Business – Mineral Properties".

Additional information about the risks and uncertainties relating to the Company's business and financial performance is discussed below under "Risk Factors".

Summary of Quarterly Results

The following table provides selected quarterly unaudited financial data for the eight most recently completed interim quarters:

	2018 First	**2017 Fourth**	**2017 Third**	**2017 Second**	**2017 First**	**2016 Fourth**	**2016 Third**	**2016 Second**
Revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Operating expenses	$(150,388)	$(293,179)	$(183,733)	$(195,227)	$(201,596)	$(223,344)	$(144,379)	$(177,992)
Loss before other items:	$(150,388)	$(293,179)	$(183,733)	$(195,227)	$(201,596)	$(223,344)	$(144,379)	$(177,992)
Loss per share (Basic and Diluted)	$(0.02)	$(0.04)	$(0.03)	$(0.03)	$(0.03)	$(0.05)	$(0.05)	$(0.06)
Other items:								
Bad debt expense	$Nil	$(132,074)	$Nil	$Nil	$Nil	$Nil	$Nil	$(35,080)
Interest income	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$2	$Nil
Interest expense	$(16,915)	$(2,255)	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Other income	$Nil	$15,321	$Nil	$8,630	$Nil	$5,390	$5,597	$6,858
FT share premium	$Nil	$Nil	$Nil	$30,889	$Nil	$Nil	$Nil	$Nil
Write down of mineral properties	$(69,000)	$(1,217,347)	$Nil	$Nil	$(159,169)	$(587,183)	$Nil	$Nil
Net comprehensive loss	$(236,303)	$(1,629,534)	$(183,733)	$(155,708)	$(360,765)	$(805,137)	$(138,780)	$(206,214)
Basic and diluted loss per share	$(0.03)	$(0.23)	$(0.03)	$(0.02)	$(0.05)	$(0.17)	$(0.04)	$(0.07)

Summary of Results During Prior Eight Quarters

Net comprehensive loss decreased by $67,434 from the second quarter of 2016 to the third quarter of 2016 mainly due to a decrease in consulting fees, bad debt expense and management fees. Net comprehensive loss increased by $666,357 from the third quarter of 2016 to the fourth quarter of 2016 mainly due to an increase in the write-down of exploration and evaluation assets. Net comprehensive loss decreased by $444,372 from the fourth quarter of 2016 to the first quarter of 2017 mainly due to a decrease in the write-down of exploration and evaluation assets. Net comprehensive loss decreased by $205,057 from the first quarter of 2017 to the second quarter of 2017 mainly due to a decrease in general exploration expenses. Net comprehensive loss increased by $28,025 from the second quarter of 2017 to the third quarter of 2017 mainly due to a decrease in flow-through share premium. Net comprehensive loss increased by $1,445,801 from the third quarter of 2017 to the fourth quarter of 2017 mainly due to an increase in the write-down of exploration and evaluation assets associated with the Clone mineral claims. Net comprehensive loss decreased by $1,393,231 from the fourth quarter of 2017 to the first quarter of 2018 mainly due to a decrease in the write-down of exploration and evaluation assets.

Discussion of Operations

Three months ended September 30, 2017 Compared to the Three months ended September 30, 2016

Net comprehensive loss decreased by $124,462 to $236,303 for the three months ended September 30, 2017 from $360,765 for the three months ended September 30, 2016, mainly due to a decrease in the write down of exploration and evaluation assets (first quarter 2018: $69,000; first quarter 2017: $159,169). Operating expenses decreased by $51,208 to $150,388 for the three months ended September 30, 2017 from $201,596 for the three months ended September 30, 2016. The decrease in operating expenses was mainly attributable to a decrease in management fees (first quarter 2018: Nil; first quarter 2017: 45,000). These expenses represent the costs of administering a public company.

Total assets decreased from $1,699,430 as at June 30, 2017 to $1,600,613 as at September 30, 2017 due to decreases in exploration and evaluation assets (September 30, 2017: $1,502,386; June 30, 2017: $1,571,386); and cash (September 30, 2017: $88,954; June 30, 2017: $103,902).

Total long term debt remained the same at $1,236,000 at September 30, 2017 compared to June 30, 2017.

See “Overall Performance” for a discussion of trends in financial position and financial performance of our company.

See “Nature of Business – Mineral Properties” for a discussion of our mineral properties on a property by property basis, including our plans for our mineral property, the status of our plans, expenditures made and the anticipated timing and costs to take our mineral property to the next stage of the project plan.

As at September 30, 2017, the Company had an 50% interest in the Clone Prospect, which it sold its interest subsequently, as well as two fully owned properties where the Company has not yet commenced development; there are significant risks associated with the development of these properties. See “Overall Performance” for a discussion of the commitments, events, risks and uncertainties that the Company believes will materially affect the Company’s future performance and “Risk Factors” for a discussion of risk factors affecting the Company.

Use of proceeds

Financing	Previously Disclosed Use of Proceeds	Status of Use of Proceeds
$300,000 June 2016 Private Placement	Towards accounts payable and accrued liabilities, exploration work on the Patterson Uranium Property, acquisition costs on the Patterson Uranium Property, and working capital.	As of the date of this report, $137,520 used in working capital and accounts payable and accrued liabilities, $15,000 used in acquisition costs on the Patterson Uranium Property, $121,170 used in the exploration work on the Patterson Uranium Property, and $26,310 has not been used.

In June 2016, the Company closed a private placement consisting of 500,000 non flow-through units at $0.30 per unit and 375,000 flow-through units at $0.40 per unit for gross proceeds of $300,000. Each non flow-through unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $1 per share until June 20, 2021. Each flow-through unit consisted of one flow-through common share and one share purchase warrant which entitles the holder to purchase one additional non flow-through common share of the Company at a price of $1 per share until June 20, 2021. In connection with the financing, the Company incurred filing and legal fees of $8,610, paid aggregate finder's fees of $18,250 and issued 54,375 broker warrants. Each broker warrant will be exercisable at $1 per share into one common share until June 20, 2021.

Liquidity and Capital Resources

Liquidity

As at September 30, 2017, the Company had a working capital deficiency of $886,024 and cash of $88,954 as compared to working capital deficiency of $718,721 and cash of $103,902 as at June 30, 2017. Total current assets decreased by $29,817 and current liabilities increased by $137,486 from June 30, 2017 to September 30, 2017. Current liabilities as at September 30, 2017 consisted of the following: accounts payable and accrued liabilities of $928,970 (June 30, 2017 – $808,399); interest payable of $19,170 (June 30, 2017 - $2,255); loans payable of $29,500 (June 30, 2017 - $29,500); and flow-through share premium liability of $6,611 (June 30, 2017 – $6,611).

In May and June 2017, the Company received loan advances totaling $29,500 from three arm's length parties (the "Lenders"), bearing 18% interest per annum and due upon demand.

In May 2017, the Company announced a private placement of up to 14,583,333 units at $0.12 per unit for gross proceeds of up to $1,750,000. The Company received $1,236,000 in share subscriptions from eight arm's length parties and one director of the Company (collectively, the "Subscribers) in connection with this private placement. In June 2017, the Company cancelled the private placement. The Company entered into loan agreements (the Agreements") with the Subscribers. Pursuant to the terms of the Agreements, the Subscribers agreed to convert a total of $1,236,000 into loans payable, bearing 5% interest per annum and due on July 19, 2018.

As at September 30, 2017, $1,265,500 (June 30, 2017: $1,265,500) of loan principal and $19,170 (June 30, 2017: $2.255) of loan interest was outstanding towards these loans. The Company fully repaid and/or settled these outstanding loans subsequent to September 30, 2017,

Subsequent to September 30, 2017, the Company closed a private placement (the "Offering") consisting of 4,166,667 units at $0.12 per unit for gross proceeds of $500,000. Each unit consisted of one common share of the Company and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.16 per share until October 27, 2022. In connection with the Offering, the Company paid aggregate finders' fees of $9,600 and issued 80,000 broker warrants. The broker warrants are exercisable into one common share each at $0.16 per share until October 27, 2022.

Also, subsequent to September 30, 2017, the Company closed a debt settlement whereby $1,224,000 of outstanding loans and $4,340 of accounts payable were settled at a deemed price of $0.12 per unit. Each unit consisted of one common share of the Company and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.16 per share until October 27, 2022.

The Company anticipates it will need additional funds to fund the next twelve month period.

Management believes that the Company's cash will not be sufficient to meet its working capital requirements for the next twelve month period. As a mineral exploration company, expenses are expected to increase as the Company explores its mineral properties further.

The Company's ability to conduct the planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due is dependent, in large part, on the ability of management to raise additional funds as necessary. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of the Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase liabilities and future cash commitments. Although the Company secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favourable to it or at all. The Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by a number of factors, including changes in commodity prices, market volatility and general economic downturns.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of its business is dependent upon obtaining further long-term financing, successful exploration of its mineral property interests, the identification of reserves sufficient to warrant development, successful development of its property interests and achieving a profitable level of operations. Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in their notes to the audited financial statements for the year ended June 30, 2017, the independent auditors included an explanatory paragraph regarding their substantial doubt about the Company's ability to continue as a going concern. See "Risk Factors".

Capital Resources

The Company has the following commitments for capital expenditures with respect to its mineral properties as of September 30, 2017. The expenditures are optional and the Company may decide not

to incur such payments in the event the Company does not decide to pursue further exploration with respect to such properties.

- SK DB Diamond Prospect
    - This property is in good standing until September 14, 2018. In order to renew this property for another year, the Company is required to spend no less than $60,904 in exploration or to pay the deficiency by September 14, 2018.
- QC Bachman Lithium Prospect
    - 77 claims will expire on July 28, 2018. In order to renew these claims for another two years, the Company is required to incur a minimum of $60,060 in exploration on these claims by May 27, 2018 or pay it in annual rental income to the Minister of Finance by July 28, 2018. Fees associated with these claims are $4,935 if pay by May 27, 2018 or it will be doubled to $9,870 if pay between May 28, 2018 and July 28, 2018.
    - Two claims will expire on October 13, 2018. In order to renew these claims for another two years, the Company is required to incur a minimum of $1,560 in exploration on these claims by August 13, 2018 or pay it in annual rental income to the Minister of Finance by October 13, 2018. Fees associated with these claims are $128 if pay by August 13, 2018 or it will be doubled to $256 if pay between August 14, 2018 and October 13, 2018.

If the Company elects to meet these capital expenditure requirements, it is expected that in addition to using funds currently available to the Company, additional funds will need to be raised through equity financings, shareholder loans or otherwise. The Company's ability to raise additional funds is subject to a number of uncertainties and risk factors. See "Liquidity and Capital Resources – Liquidity".

See "Nature of Business – Mineral Properties" for a discussion of the Company's capital expenditure commitments with respect to its mineral properties.

Operating Activities

During the three months ended September 30, 2017, operating activities used cash of $14,948 compared to $14,794 during the three months ended September 30, 2016. The Company's operating activities usage of cash during the three months ended September 30, 2017 was mainly due to its net loss of $236,303 offset in part by the write-down of exploration and evaluation assets of $69,000 and an increase in accounts payable and accrued liabilities of $120,571. The Company's operating activities usage of cash during the three months ended September 30, 2016 was mainly due to its net loss of $360,765, offset in part by an increase in accounts payable and accrued liabilities of $141,445 and by the write-down of exploration and evaluation assets of $159,169. Management anticipates that operating activities will continue to require large amounts of cash until the Company achieves profitable operations.

Investing Activities

During the three months ended September 30, 2017, investing activities did not use any cash compared to $239,169 during the three months ended September 30, 2016, which was due to exploration and evaluation assets.

Financing Activities

Financing activities did not use any cash during the three months ended September 30, 2017 as compared to using cash of $600 during the three months ended September 30, 2016, due to the issuance of share capital.

Changes in Accounting Policies

Accounting standards issued but not yet effective

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

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

Off Balance Sheet Arrangements

The Company did not have any off balance sheet arrangements as of September 30, 2017.

Related Party Transactions

During the three months ended September 30, 2017, the Company paid $4,500 to an officer in consideration for accounting services provided to the Company. Such payments were made in lieu of management fees to the Chief Financial Officer.

At September 30, 2017, accounts payable and accrued liabilities include $231,179 (June 30, 2017: $231,349) payable to two former directors, a private company controlled by a former director, and one director for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand. Accounts payable and accrued liabilities as at September 30, 2017 are comprised of the following: $109,528 payable to a company controlled by a former director for unpaid management fees; $12,426 payable in aggregate to two former directors for unpaid directors fees; $2,500 payable to a director for unpaid directors fees; $14,400 payable to a former director for unpaid car allowance; and $92,325 payable to a former director for management fees.

In June 2017, the Company entered into a loan agreement with a director of the Company, to convert funds of $12,000 received from this director for a cancelled private placement into a loan, bearing 5% interest per annum. As of September 30, 2017, $12,000 of loan principal and $169 of loan interest was outstanding towards this loan. This loan were repaid in full subsequent to September 30, 2017.

All transactions with related parties have occurred and are measured at the amount of consideration established and agreed to by the related parties.

Financial and Other Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and receivables. Unless otherwise noted, it is management's opinion that the Company's current financial instruments will not be affected by interest rate risk, foreign exchange risk, credit risk or price risk. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Proposed Transactions

The Company does not have any proposed transactions as of the date of this report.

Additional Disclosure for Venture Issuers

During the three months ended September 30, 2017 and 2016, the Company incurred the following expenses:

	2017	**2016**
Capitalized acquisition costs	$Nil	$830,000
Capitalized exploration costs	$Nil	$239,169
Write-down of exploration and evaluation assets	$69,000	$159,169
Operating expenses	$150,388	$201,596

Please refer to Note 4 *Exploration and Evaluation Assets* in the condensed consolidated interim financial statements for the three months ended September 30, 2017 for a description of the capitalized acquisition and exploration costs presented on a property-by-property basis.

Disclosure of Outstanding Share Data

Common Shares

The Company's common shares are listed on the Canadian Securities Exchange under the symbol "MKNA". The Company is also listed on the Pink Sheets under the symbol "CANSF" and the Frankfurt Stock Exchange under the symbol "45CM". The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of Class A Preferred Shares without par value. As at September 30, 2017 and November 27, 2017, the Company had 1,594 common shares held in escrow.

As of September 30, 2017, the Company had 7,193,351 common shares issued and outstanding and no Class A Preferred Shares outstanding.

Subsequent to September 30, 2017, the following occurred:

- The Company issued 4,166,667 common shares pursuant to a private placement; and
- The Company issued 10,236,166 common shares pursuant to a debt settlement.

As of November 27, 2017, the Company had 21,596,184 common shares issued and outstanding.

Share Purchase Warrants

As of September 30, 2017, the Company had 4,269,628 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
161,586	$1.00	August 9, 2018
266,683	$3.60	October 24, 2018
50,234	$3.60	November 5, 2018
30,250	$4.00	December 2, 2018
337,500	$1.00	August 21, 2019
520,000	$1.00	July 6, 2020
349,000	$1.00	November 19, 2020
1,625,000	$1.00	April 6, 2021
929,375	$1.00	June 20, 2021
4,269,628		

Subsequent to September 30, 2017, the Company issued 4,166,667 share purchase warrants and 80,000 broker warrants in connection with a private placement; and the Company issued 10,236,166 share purchase warrants in connection with a debt settlement.

As of November 27, 2017, the Company had 18,752,461 share purchase warrants outstanding.

Stock Options

As of September 30, 2017 and November 27, 2017, the Company had 568,200 share purchase options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
16,750	$1.20	August 15, 2018
35,450	$1.30	December 20, 2018
41,000	$1.00	August 28, 2019
475,000	$0.165	May 4, 2022
568,200		

RISK FACTORS

Much of the information included in this annual report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with business operations. While

these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of the business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company caution readers of this annual report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors.

RISKS RELATED TO THE COMPANY'S BUSINESS

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that may be acquired. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditure that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that exploration activities will result in the discovery of any quantities of mineral deposits on the Company's current properties or any other additional properties it may acquire.

The Company intends to continue exploration on its current properties and it may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that it may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

Because of the inherent dangers involved in mineral exploration and exploitation, there is a risk that the Company may incur liability or damages as it conducts business.

The search for mineral deposits involves numerous hazards. As a result, the Company may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which it may elect not to insure. At the present time the Company has no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on the Company's financial position.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if it discovers and exploit mineral deposits, the Company may never become commercially viable and it may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on financial performance and the Company's ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that it may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

Because the Company's property interests may not contain mineral deposits and because has never made a profit from operations, its securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and the stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but it does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that it will generate any revenues or realize any profits in the short term. Any profitability in the future from its business will

be dependent upon locating and exploiting mineral deposits on its current properties or mineral deposits on any additional properties that it may acquire. The likelihood that any mineral properties that it may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or it may do so and still not be commercially successful if it is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

As the Company faces intense competition in the mineral exploration and exploitation industry, it will have to compete with its competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than it has. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, its exploration programs may be slowed down or suspended, which may cause it to cease operations as a company.

The Company has a history of losses and have a deficit, which raises substantial doubt about its ability to continue as a going concern.

The Company has not generated any revenues since its date of inception and it will continue to incur operating expenses without revenues until it engages in commercial operations. The Company's accumulated losses at September 30, 2017 were $22,866,520 since its inception. The Company had cash in the amount of $88,954 as at September 30, 2017. The Company estimates that its average monthly operating expenses to be approximately $35,000 each month. The Company cannot provide assurances that it will be able to successfully explore and develop its property interests. These circumstances raise substantial doubt about the Company's ability to continue as a going concern, which was also described in an explanatory paragraph to the independent auditors' report on the Company's audited financial statements for the year ended June 30, 2017. If the Company is unable to continue as a going concern, investors will likely lose all of their investments in the Company.

The Company's future is dependent upon its ability to obtain financing and if it does not obtain such financing, it may have to cease exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to its properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than it has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to its business affairs, which may affect the Company's ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct ongoing operations and the Company's ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

RISKS RELATING TO THE COMPANY'S COMMON STOCK

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of its common stock could result in a reduction in the liquidity of its common stock and a reduction in the Company's ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to its liquidity and operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the business plan and operations, including the Compnay's ability to develop new products and continue current operations. If the Company's stock price declines, the Company can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, it may not be able to have the resources to continue its normal operations.

The market price for the Company's common stock may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of its common stock.

Additional Information

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at http://www.sedar.com.