

# GORILLA MINERALS CORP.

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## FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF DECEMBER 28, 2017 TO ACCOMPANY THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF GORILLA MINERALS CORP. (THE “COMPANY”) FOR THE THREE MONTHS ENDED OCTOBER 31, 2017.

The following Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended October 31, 2017, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See “Risks and Uncertainties” in this MD&A for more information).

### Overview of the Quarter Ended October 31, 2017

On August 14, 2017, the Company acquired the New Brenda Property with a payment of 2,610,000 common shares of the Company with a deem value of \$0.10 per share.

The Company will continue to develop its exploration strategies with a view to maximizing shareholder value and focusing on its long term goal of moving the Company into production.

### Overall Performance and Description of Business

The Company is an exploration stage company located at Suite 810, 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2, engaged in the acquisition, exploration and development of mineral resource properties located in Canada.

### Results of Operations

#### Results of Operations – For the three months ended October 31, 2017

For the three months ended October 31, 2017, the Company incurred an income of \$200,080 (2016: (\$27,518)). Significant expenses included exploration expenses of \$6,089 (2016: \$Nil); audit and accounting fees of \$10,000 (2016: \$12,000); legal fees of \$55,000 (2016: \$3,249) and management fees of \$27,000 (2016: \$6,000) due mainly to the Company transition to Canadian Securities Exchange. Interest expense for the quarter ended October 31, 2017 was \$4,502 which was slightly lower than \$5,383 for 2016 as a result of the Company paying back a loan during the last quarter.

During the year ended July 31, 2016, the Company recorded a stock-based compensation of \$116,803 related to the stock options granted in August 2015 to directors and consultants of the Company.

#### Summary of Quarterly Results:

<u>2018/17 Quarterly Results:</u>	<u>4<sup>th</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>1<sup>st</sup> Quarter</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Income (loss) and comprehensive income (loss)	-	-	-	200,080
Basic and diluted loss per share	-	-	-	0.01
Total assets	-	-	-	543,847

GORILLA MINERALS CORP.

Working capital - - - 114,036

<b>2017/16 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
Revenue	\$ -	\$ -	\$ -	\$ -
Income (loss) and comprehensive income (loss)	(85,955)	190,739	130,205	(27,518)
Basic and diluted loss per share	(0.01)	0.02	0.01	(0.00)
Total assets	212,138	4,667	24,273	146,278
Working capital	114,454	(249,067)	(200,039)	(325,654)
<b>2016/15 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(22,487)	(42,747)	(30,182)	(147,511)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.02)
Total assets	146,293	127,032	144,810	113,134
Working capital	(144,764)	(85,612)	(51,538)	(79,652)

\* No exercise or conversion is assumed during the quarters in which a net loss is incurred, as the effect is anti-dilutive.

During the second quarter ended January 31, 2017, the Company received \$150,000 cash and 500,000 K2 shares pursuant to the Option Agreement related to the Wels property resulting in a decrease of both the capitalized mineral properties of \$145,410 on the Statement of Financial Position, and a gain of \$154,590 on the Statement of Income (Loss) and Comprehensive Income (Loss).

During the third quarter ended April 30, 2017, the Company received additional 500,000 K2 shares resulting in an additional gain of \$260,000 on the Statement of Income (Loss) and Comprehensive Income (Loss).

During the first quarter ended October 31, 2017, the Company received additional 500,000 K2 shares resulting in an additional gain of \$205,000 on the Statement of Income (Loss) and Comprehensive Income (Loss).

## Project Summaries and Activities

### CANADA

#### *Wels Property (Yukon Territory)*

Pursuant to an option agreement dated June 6, 2011, Gorilla Resources Corp. was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. On April 23, 2012, Gorilla Resources Corp. assigned all the benefits, rights and obligations under the option agreement to the Company.

On August 11, 2016, the Company entered into an Option Agreement with WMM. Pursuant to the Option Agreement, the Company agreed to grant to WMM the sole and exclusive right and option to acquire an undivided 90% interest in the Wels property and other assets, as defined in the Option Agreement, subject to 3% NSR royalty on the minerals produced from the property, and upon the exercise of such option, the parties have agreed to form a joint venture ("Option").

In order to exercise the Option, WMM must:

(a) pay to the Company:

- \$50,000, within five Business Days after the date of TSX Venture Exchange ("TSX-V")'s acceptance of the Option Agreement (received);

## GORILLA MINERALS CORP.

- an additional \$100,000 on or before the date that is 30 days after the date of the Option Agreement (received);
- an additional \$100,000 on or before the date that is 12 months after the date of the Option Agreement (received in August 2017); and
- an additional \$100,000 on or before the date that is 24 months after the date of the Option Agreement;

for total cash payments in aggregate of \$350,000;

(b) issue and deliver to Gorilla:

- 500,000 K2 shares within five Business Days after the date of TSX-V's acceptance of the Option Agreement (received);
- an additional 500,000 K2 shares on or before the date that is 6 months after the date of the Option Agreement (received);
- an additional 500,000 K2 shares on or before the date that is 12 months after the date of the Option Agreement (received in August 2017);
- an additional 500,000 K2 shares on or before the date that is 18 months after the date of the Option Agreement;
- an additional 500,000 K2 shares on or before the date that is 24 months after the date of the Option Agreement;
- an additional 500,000 K2 shares on or before the date that is 30 months after the date of the Option Agreement;

for a total issuance in aggregate of 3,000,000 K2 shares. The Company intends to distribute its K2 shares to the Company's shareholders as soon as is reasonably practicable following the receipt of any such shares from K2.

### ***New Brenda Property (British Columbia)***

On August 14, 2017, the Company acquired the New Brenda Property with a payment of 2,610,000 common shares of the Company.

The New Brenda Property is comprised of 16 contiguous mineral claims covering an area of 10,500 Hectares west of the past producing Brenda Cu-Mo open pit located in southern British Columbia, approximately 40 kilometers west of Kelowna. The property is readily vehicle accessible via a well developed network of forest service roads connected to Highway 97c or from the community of Peachland.

A soil sampling and prospecting program was carried out in June 2017 on the Property. The areas sampled were within Twilight and Silverback Zones. Soil samples were collected every 50m along lines spaced at 200m. Three contiguous samples from the Twilight Zone are highly anomalous in gold and occur in the central portion of the target area. There is also a E-W trending line of moderately anomalous samples extending from the central highly anomalous area to the west of the target area. At the south end of the target is an inverted "U" shaped series of highly anomalous soil samples. The large target (600m X 500m) remains open to the south.

Dan Meldrum, M.Sc. P.Geo, author of the Technical Report is the Qualified Person, in accordance with the NI 43-101 of the Canadian Securities Administrators, and is responsible for the technical content of this press release.

### **New Opportunities**

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The Company continues to evaluate mineral properties and is focused on deposits in Canada with economic merit and good logistics will be considered for acquisition.

### **Outstanding Share Data**

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The Company has an authorized share capital of an unlimited number of common shares and an unlimited number of Class A Preferred Shares with a par value of \$0.001.

## GORILLA MINERALS CORP.

As at the date of this report, 16,185,258 common shares and 10,595,258 Class A preferred shares were issued and outstanding.

The Company had 2,980,000 share purchase warrants exercisable at \$0.15 per share until July 28, 2019.

### **Related Party Transactions**

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During the three months ended October 31, 2017, the Company incurred \$27,000 (2016: \$6,000) in management fees from a company owned by the President of the Company. At October 31, 2017, the Company owed \$105,708 (July 31, 2017: \$22,675) to directors and their companies and had \$35,123 (July 31, 2017 \$35,123) of notes payable (Note 5) and \$103,985 (July 31, 2017: \$100,984) of convertible promissory notes payable (Note 6) to directors and their companies.

**Liquidity and Solvency**

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The following table summarizes the Company's cash on hand, working capital and cash flow:

As at	October 31, 2017	July 31, 2017
Cash	\$ 279,976	\$ 207,672
Working capital	114,036	114,454
Period Ended	October 31, 2017	July 31, 2017
Cash used in operating activities	\$ (27,696)	\$ (219,685)
Cash provided by investing activities	100,000	150,000
Cash provided by financing activities	-	277,287
Change in cash	\$ 72,304	\$ 207,602

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

**Capital Resources**

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The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital asset is a resource property. Exploration expenditures are expensed as incurred.

The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Project Summaries and Activities" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

**Off-Balance Sheet Arrangements**

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The Company does not utilize off-balance sheet transactions.

**Proposed Transactions**

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During the quarter ended October 31, 2017, the Company acquired the New Brenda Property as described herein.

There are no other proposed transactions that will materially affect the performance of the Company.

## **Accounting Policies**

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The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

### Critical Accounting Estimates

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the consolidated financial statements. Critical estimates in these accounting policies are discussed below.

### Environmental Rehabilitation Provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows.

### Future Changes in Accounting Standards

IFRS 9, Financial Instruments – The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

## **Financial Instruments**

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### **Designation and Valuation of Financial Instruments**

The Company's financial instruments consist of receivables, accounts payable, due to related parties, notes payable and convertible promissory notes payable. Receivables are classified as loans and receivables, and accounts payable, due to related parties, notes payable, and convertible promissory notes payable are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

As at October 31, 2017, the fair values of accounts payable, due to related parties and current portion of notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments. The Amended Convertible Notes, bearing 5% interest, unsecured, and due on February 28, 2019, are booked at amortized costs.

## **Risks**

### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

### Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST/HST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

### Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

## **Risks and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

## GORILLA MINERALS CORP.

The property that the Company has an option to earn an interest in is in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

### **Financial and Disclosure Controls and Procedures**

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During the three months ended October 31, 2017, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are 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. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements of the Company for the three months ended October 31, 2017.

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim and Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

In contrast to the certificate required for non-venture issuers 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. 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.

### **Other**

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Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.gorillaminerals.com](http://www.gorillaminerals.com) and [www.sedar.com](http://www.sedar.com).

### **Trends**

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Trends in the industry can materially affect how well any junior exploration company is performing and by the capital markets which have made the raising of finance difficult. Under the current economic conditions, the Company is advancing its property as quickly as possible while still remaining prudent when considering large cost items such as drilling and geophysics.

## **Outlook**

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The outlook for precious metals is good and this is reflected in the Company's ongoing activity. The capital markets are prospect for financing the Company's are challenging but management believes the Company will continue as a viable entity. The Property will require significant investment as it transitions into development stage projects.

## **Cautionary Statement**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.