ELY GOLD ROYALTIES INC.

(formerly Ely Gold & Minerals Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

1.1 INTRODUCTION

Set out below is a review of the activities, financial performance and financial position of Ely Gold Royalties Inc. (formerly Ely Gold & Minerals Inc) ("Ely", or the "Company") and its subsidiaries for the three months ended March 31, 2018 and 2017. The discussion below should be read in conjunction with the Company's March 31, 2018 unaudited condensed interim consolidated financial statements and related notes and the Company's December 31, 2017 audited consolidated financial statements and related notes. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at May 30, 2018.

The Company is a reporting issuer in the provinces of British Columbia and Alberta in Canada and is listed on the TSX Venture Exchange ("Exchange") under the symbol "ELY".

Additional information related to the Company is available on SEDAR at www.sedar.com. The Company's website is at http://www.elygoldinc.com

1.2 FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, which include all statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. These include, without limitation:

- the Company's anticipated results and developments in the Company's operations in future periods;
- planned exploration and development of its mineral properties;
- planned expenditures and budgets;
- evaluation of the potential impact of future accounting changes;
- estimates concerning share-based payment and carrying value of properties; and
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the related property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, including among other things, the price of gold and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- fluctuations in mineral prices;
- the Company's dependence on a limited number of mineral projects;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;
- jurisdiction operating risks which can over time include changes in political, economic, regulatory and taxation regimes;
- governmental regulations and specifically the ability to obtain necessary licenses and permits;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- fluctuations in the currency markets;
- changes in environmental laws and regulations which may increase costs of doing business and restrict the Company's operations;
- risks related to the Company's dependence on key personnel; and
- estimates used in the Company's consolidated financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

1.3 DESCRIPTION OF BUSINESS

The Company's registered office is Suite 2833 – 595 Burrard Street, P.O. Box 49195, Vancouver, British Columbia, Canada, V7X 1J1.

On November 22, 2017, the Company changed its name from Ely Gold & Mineral Inc. to Ely Gold Royalties Inc.

The Company's operations are conducted through Ely and its wholly-owned subsidiaries, Nevada Select Royalty, Inc. ("Nevada Select"), Voyageur Gold Inc. ("Voyageur"), DHI Minerals Ltd. ("DHI") and its subsidiary DHI Minerals (US) Ltd. ("DHI US").

Since 2016 the Company's principal business activity has been that of acquiring and consolidating mineral claims with the intention to option or sell the properties outright while retaining a royalty interest.

The Company knows of no trends, demands, commitments, events or uncertainties outside of the normal course of business that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration programs and overall market conditions for smaller resource companies. The Company is not aware of any seasonality in the business that may have a material effect upon its financial condition, other than those normally encountered by public reporting junior resource companies. The Company is not aware of any changes in the results of its operations that are other than those normally encountered in its ongoing business.

1.4 HIGHLIGHTS

- On January 2, 2018, the Company repaid the current portion of the note payable (plus interest) to Platoro West Incorporated ("Plato West") for a total cash outlay of $160,629.

- On January 16, 2018, the Company closed the option of the Gold Canyon project with Fremont Gold Ltd. ("Fremont") whereby Fremont can acquire 100% of the Gold Canyon project by making US$802,500 in option payments.

- On February 20, 2018, the Company closed the option of the North Carlin project with Freemont whereby Fremont can acquire 100% of the North Carlin project by making US$267,500 in option payments.

- On March 12, 2018, the Company closed the sale of the County Line project with Gold Resource Corp. ("Gold Resource") whereby Gold Resource acquired a 100% interest in the County Line project for total consideration of US$300,000.

- On March 28, 2018, the Company closed the option of four unpatented mineral claims ("Monitor Claims") with Monitor Gold Corporation ("Monitor") whereby Monitor can acquire a 100% interest in the Monitor Claims project for total consideration of US$300,000.

- As of March 31, 2018, the Company had cash and cash equivalents of $2,734,964 and consolidated working capital of $2,911,066.

Subsequent to March 31, 2018:

- On April 25, 2018, the Company repaid the principle and interest of the note payable to Nevada Eagle LLC ("Nevada Eagle") for a total cash outlay of $567,853.

- On April 26, 2018, 3,000,000 warrants with an exercise price of $0.07 were exercised for total proceeds to the Company of $210,000.

- On May 3, 2018, the Company closed the sale of the Kraut claims with VR Resources Ltd. ("VR Resources") whereby VR Resources will acquire 100% of the Kraut claims by making cash payments of US$60,000 and issuing 100,000 common shares of VR Resources to the Company.

1.5 PROJECT UPDATES AND ACQUISITION

i. Mineral Properties

Green Springs, Nevada

On January 16, 2013, the Company acquired a mining lease and a 100% purchase option on two mining claims contiguous to the Green Springs property, known as the Cox Claims. The lease on the Cox claims has a term of 10 years with escalating advance royalty payments and a 100% purchase option. The minimum advance royalty payments total US$222,500. The purchase option for the Cox claims is 100% owned by DHI US.

On February 4, 2013, DHI US acquired the Green Springs property in White Pine County, Nevada for US$300,000 (paid) and $50,000 (paid) cash. The Green Springs property is subject to a 2% NSR. Green Springs is 100% owned by DHI US. At the Green Springs property, the Company owns 76 unpatented lode mining claims.

In July 2014, the Company signed an Exploration and Option Agreement with Eurasian Minerals (the "EMX Agreement") through its wholly-owned subsidiary Bronco Creek Exploration, Inc., for EMX's Cathedral Well gold project. The Cathedral Well property consists of 79 unpatented mining claims (the "Cathedral Well Claims") and bounds the Company's Green Springs Project area to the east and the west.

Pursuant to the Agreement, the Company can earn a 100% interest in the Project by paying EMX a total of US$100,000 as follows: US$25,000 (paid) upon execution of the Agreement and US$75,000 (US$25,000 – paid) over the next three years, after which EMX will retain a 2.5% net smelter return (NSR) royalty, inclusive of an underlying 0.5% NSR royalty. In addition, after earning the 100% interest in the Project, the Company will pay EMX annual advance royalties equal to a) 20 ounces of gold each year until completion of a feasibility study, prepared in accordance with the requirements of NI 43-101 and CIM definitions and guidelines, covering either, or both, of the Project and the adjacent the Company properties, and b) 35 ounces of gold each year thereafter until commencement of commercial production from either, or both, of the Project and the adjacent the Company properties. the Company may purchase

0.5% of the EMX NSR royalty by paying Eurasian 500 ounces of gold within 60 days after commencement of commercial production from either, or both, of the Project and the adjacent the Company properties. In November 2016, the Company and EMX amended the EMX Agreement whereby the Company traded certain mining claims, owned by Nevada Select, (the "Gutsy Claims") in lieu of the final payment of US$25,000. The Company now owns 100% of the Cathedral Well Claims.

Green Springs Option Agreement

On December 7, 2016, the Company entered into an option agreement with Colorado Resources Ltd ("Colorado") whereby Colorado can acquire a 100% interest in the Company's Green Springs project, Cox Claims and Cathedral Well. Colorado can acquire their 100% interest by making cash payments of US$3,000,000 and issuing 2,250,000 Colorado common shares to the Company, as follows:

- At closing – US$50,000 cash and 300,000 Colorado common shares (paid);
- Year 1 – US$100,000 cash and 500,000 Colorado common shares (paid);
- Year 2 – US$200,000 cash and 600,000 Colorado common shares;
- Year 3 – US$400,000 cash and 850,000 Colorado common shares;
- Year 4 – US$2,250,000 cash (the "Final Option Payment"). Colorado may at its election make the final Option Payment 50% cash and 50% common shares based on a 30-day volume weighted average price of the Colorado common shares.

There are no work commitments or additional expenditures required other than Colorado's obligation to maintain the underlying agreements and claim maintenance fees in good standing. Once the Final Option Payment is made, the Company will retain a total 1% NSR on two key claims and the Company will retain the right to buy-down 1% of the underlying royalty on these key claims for US$500,000. The Company will also retain a 0.5% NSR on 76 claims.

In addition, once the Final Option Payment has been made, Colorado will make advance royalty payments as follows:

- US$25,000 on the first through third anniversary dates of the Final Option Payment;
- US$50,000 on each anniversary date of the Final Option Payment thereafter.

On May 10, 2018, Colorado terminated the option agreement with the Company.

Platoro West Incorporated

On May 4, 2017, the Company entered into a definitive purchase agreement with Platoro West whereby the Company will acquire Platoro West's portfolio of 14 mineral properties in Nevada, a portfolio of 8 deeded royalties, and legal and beneficial rights to geological information covering precious metals properties throughout the western United States. Under the terms of the agreement, the company will pay Platoro West US$500,000 as follows:

- US$25,000 upon signing (paid);
- US$250,000 upon closing;
- US$112,500 cash on the first anniversary together with 5% per annum interest compounded quarterly from the date of closing;
- US$112,500 cash on the second anniversary together with 5% per annum interest compounded quarterly from the date of closing.

The Company will also issue 1,000,000 shares purchase warrants to Platoro West (issued). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.125 for a period of three years from the date of closing. The transaction was approved by the Exchange and closed on May 4, 2017.

Consolidation of the Weepah Property

With the Nevada Eagle transction, the Company acquired 8 unpatented mining claims.

On November 4, 2016, the Company completed a property exchange (the "Property Exchange") with Columbus Gold Corp. and its wholly owned subsidiary Columbus Gold (USA) Corp. (collectively "Columbus"). The Company, through its wholly owned subsidiary, Nevada Select has acquired a 100% interest in 66 unpatented mining claims in Esmeralda County, Nevada (the "Cordex Claims"). The Cordex Claims are contiguous to claims currently held by the Company known as the Weepah Project ("Weepah"). The Cordex Claims will be subject to a 2% NSR to Cordex. The Company has also acquired all the data from Columbus' exploration programs. In the Property Exchange, Nevada Select has conveyed, to Columbus, a royalty on the Bolo/Wood property in Nye County, Nevada which was acquired by Nevada Select in the transaction with Till Capital Ltd. ("Till").

On May 17, 2017, the Company purchased one unpatented claim and one patented claim from Aaminex Capital Corp. Both claims are in the interior of the 74 unpatented claims held by the Company.

On June 23, 2017 the Company signed an option agreement with Valterra Resource (US) Corporation, a wholly owned subsidiary of Valterra Resource Corporation, a British Columbia corporation listed on the Exchange under the symbol VQA ("Valterra") may acquire a 100% interest in the Weepah property by making the following staged payments totaling US$1 million over a period of four years: US$100,000 at closing (which may be paid in shares); US$100,000 on first anniversary of closing (which may be paid in shares); US$200,000 on second anniversary of closing; US$200,000 on third anniversary of closing; and US$400,000 on fourth anniversary of closing. The property is subject to royalties totaling 3% of NSR which Valterra may reduce to 2% for US$2.5 million. Advance minimum royalty payments will be due upon the anniversary of the option exercise as follows: US$25,000 on first, second and third anniversaries, and US$35,000 on subsequent anniversaries.

The option agreement closed on July 10, 2017 and Valterra delivered 2,598,680 of its common shares to the Company

Consolidation of the Gold Bar Property

The Company acquired 21 unpatented mining claims in the Nevada Eagle transaction in 2016 (the Gold Bar Claims").

On February 2, 2017, the Company completed the acquisition of 6 patented mining claims, contiguous to the Company's unpatented claims, and related historical data from Bonanza Explorations for US$50,000 (the "WAH Claims"). The WAH Claims were subject to a 2% NSR to Atlas Corporation (the "Atlas Royalty").

On April 17, 2017, the Company closed the purchase of 6 patented mining claims from Atlas Corporation (the "AM Claims") and the assignment of the Atlas Royalty for US$30,000.

In April 2017, the Company staked an additional 74 unpatented mining claims surrounding the AM Claims, the WAH Claims and the Gold Bar Claims.

Consolidation of the Tonopah Property

In October 2016, the Company staked 8 unpatented mining claims in Esmeralda County, Nevada (the "Tonopah Claims")

On May 26, 2017, the Company entered into a definitive purchase agreement with Eastfield whereby the Company will acquire an interest in 18 patented claims and historical data for US$50,000 cash and by issuing 300,000 common shares of the Company to Eastfield (the "Eastfield Claims"). The transaction was approved by the Exchange and was closed on June 26, 2017. The Eastfield Claims are contiguous to the Tonopah Claims.

On June 9, 2017, the Company entered into a definitive purchase agreement with John Earl Hill, an individual, whereby the Company will acquire an interest in 5 patented claims for US$27,500 cash (the "Hill Claims"). The transaction was approved by the Exchange and was closed on July 12, 2017. The Hill Claims are contiguous to the Eastfield Claims.

In July 2017, the Company staked 8 additional unpatented claims increasing the Tonopah Claims to 18 unpatented claims.

Pyramid Gold (US) Corp

On May 26, 2017, the Company signed three separate option agreements with Pyramid Gold (US) Corp, a privately held Nevada corporation ("Pyramid"). The Company optioned the following projects to Pyramid under the following terms;

The Moho Property consists of 9 unpatented mining claims in Mineral County, Nevada. Pyramid may earn a 100% interest by making the payments of

- $10,000 cash on the Effective Date paid to Nevada Select;
- $15,000 cash on the six-month anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the first one-year anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the second yearly anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the third yearly anniversary of the Effective Date;
- $150,000 cash paid to Nevada Select on the fourth yearly anniversary of the Effective Date.

Upon the Option Exercise, Nevada Select will be granted a two and a half percent (2.5%) NSR royalty in respect of all products produced from the Moho Property;

The Redlich Property consists of 76 unpatented mining claims in Esmeralda County, Nevada. Pyramid may earn a 100% interest by making the payments of

- $10,000 cash on the Effective Date paid to Nevada Select;
- $15,000 cash on the six-month anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the first one-year anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the second yearly anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the third yearly anniversary of the Effective Date;
- $150,000 cash paid to Nevada Select on the fourth yearly anniversary of the Effective Date.

Upon the Option Exercise, Nevada Select will be granted a two and a half percent (2.5%) NSR royalty in respect of all products produced from the Redlich Property;

The Olympic Property consists of 40 unpatented mining claims in Mineral County, Nevada. Pyramid may earn a 100% interest by making the payments of

- $2,000 cash on the Effective Date paid to Nevada Select (paid);
- $3,000 cash on the six-month anniversary of the Effective Date;
- $20,000 cash paid to Nevada Select on the first one-year anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the second yearly anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the third yearly anniversary of the Effective Date;
- $25,000 cash paid to Nevada Select on the fourth yearly anniversary of the Effective Date.

Upon the Option Exercise, Nevada Select will be granted a one and a quarter percent (1.25%) NSR royalty in respect of all products produced from the Olympic Property.

On August 15, 2017, the Company agreed to an assignment of the Moho, Redlich and Olympic Option Agreements by Pyramid to Hochschild US, a wholly owned subsidiary of Hochschild Mining Plc.

Nevada Eagle LLC

On May 4, 2016, the Company, through the Company's wholly owned subsidiary, Nevada Select, completed the acquisition of thirty-one mineral properties (the "Nevada Select Properties") in Nevada and the western United States from Nevada Eagle. Under the terms of the agreement, the Company will pay Nevada Eagle a total purchase price of US$895,600 ($1,153,891). The purchase price will be paid as US$445,600 (paid) in cash on closing and an additional US$400,000 on the second anniversary, together with 5% interest. The remaining US$50,000 (paid) was previously advanced to Nevada Eagle for staking of mineral properties. The Company has also issued 3,000,000 share purchase warrants to Nevada Eagle. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.07 for a period of two years from the date of closing. The fair value of the share purchase warrants, $267,219, has been included in acquisition costs along with associated closing costs of $19,429. During the year ended December 31, 2016 the Company received option income of $108,260, on certain properties that are currently under option of which $58,580 was credited as incidental revenue against exploration and evaluation assets.

On August 12, 2016, the Company, through its' wholly owned subsidiary, Nevada Select, executed a purchase agreement (the "GP Agreement") for certain royalty interests from Golden Predator US Holdings Corp. ("Golden Predator"). Golden Predator is a wholly owned subsidiary of Till. Nevada royalties owned by Golden Predator include a 3% gross production royalty ("GPR") on the Bolo property, a 0.5% GPR on the Wood property and a 2% NSR on the Mina Gold property. Nevada Select currently owns 100% of the claims covered by the Mina Gold royalty. Terms of the GP Agreement include:

- Purchase by the Company of Golden Predator's:
- Atlanta (3% NSR), royalty interests,
- Bolo (3% GPR), royalty interests,
- Wood (0.5% GPR) royalty interests;
- Termination by the Company, and Golden Predator of the Mina Gold (2% NSR);
- As consideration, the Company will pay Golden Predator US$56,250 to Till (paid - US$56,250 ($74,351).

On August 12, 2016, the Company, through its' wholly owned subsidiary, Nevada Select, executed a purchase agreement ("RRL Agreement") for a 2% NSR on the Uduk Lake property in British Columbia from Resource Re Ltd. ("RRL"), a wholly owned subsidiary of Till. Terms of the RRL Agreement include:

- Purchase by the Company of RLL's Uduk Lake (2% NSR) royalty interest;
- As consideration, the Company will pay US$18,750 to RLL.
- Prior to December 31, 2016, RRL was unable to produce a clear title to the Uduk Lake NSR. The Company terminated the RRL Agreement and has no further financial commitment to RRL.

On August 15, 2016, the Company, through its' wholly owned subsidiary, Nevada Select, executed the Mina Sale Agreement to sell its 100% owned Mina Gold property for US$1,000,000 ($1,277,500) to Gold Resource. The Mina Gold property consists of 48 claims and was acquired as part of the Nevada Select Properties. The terms of the Mina Sale Agreement are as follows:

- US$150,000 ($191,625) cash as a one-time advance royalty payment (received);
- US$850,000 ($1,085,875) in Gold Resource restricted stock (received). The Company received 130,169 shares in Gold Resource at the time of entering into the transaction.
- The Company will retain the following NSR's:
- a 3% NSR on five patented claims;
- a 2% NSR on thirty-nine unpatented claims, staked by Nevada Select;
- a 1.5% NSR on four unpatented claims, purchased by Nevada Select with existing 0.5% NSR;
- a 2% NSR on additional unpatented claims staked by Gold Resource within a one-mile area of interest;
- Gold Resource has the option to buy-down 1% of the NSR on the patented claims for US$1,000,000.
- Gold Resource has the option to buy-down 0.5% of the NSR on all unpatented claims for US$500,000.

Between August 1 and December, 2016, the Company acquired, through staking, a 100% interest in nine properties in Nevada and one in Idaho. All the staked properties are unpatented mining claims on Bureau of Land Management (BLM) lands. The Nevada properties are Isabella, Ramona, Redlich, Olinghouse NE Mustang Canyon, Moho, Mill Creek and Horse Mountain. The Idaho property is Oro Grande. In December 2016, the BLM gave final notice of forfeiture to the prior claim holders and the Company was successful in acquiring these new claims. As of December 31, 2016, the Company held 37 mining properties.

On October 7, 2016, the Company purchased a 100% interest in 41 unpatented mining claims in Mineral County, Nevada known as the Olympic Mine. The property is approximately 3 miles from the Mina Gold property which the Company sold to Gold Resource. Olympic is a past producing mine and the seller, Sedi-Met Inc., had a significant data package on the property. The Company paid US$75,000 cash for the claims and the data. Sedi-Met retained a 1.25% NSR royalty on the claims with no area of interest.

On October 27, 2016, Novo Resources Corp., through its wholly owned subsidiary Novo Resources (USA) Corp ("Novo") has exercised its option to purchase 100% of 24 unpatented mining claims in Elko County, Nevada (the "Elko Claims"). The Elko Claims, known as the Tuscarora Project, were lease/optioned by Novo on November 7, 2014 (the "Tuscarora Option Agreement"). The Tuscarora Option Agreement allowed Novo to purchase 100% of the Elko Claims by making lease payments aggregating US$100,000 over time. The final payment, which was due on November 7, 2016, was paid by Novo on October 4, 2016.

Novo was issued a Deed with Reservation of Royalty on November 7, 2016 that provides for:

1. a sliding scale NSR, subject to the gold price, as follows:
   - less than or equal to $1,500 (2.0%)
   - greater than $1,500.00 but less than or equal to $2,000 (3.0%)
   - greater than $2,000 (4.0%)

2. an advance minimum royalty payment as follows:
   - third through fifth anniversaries $4,000
   - sixth through tenth anniversaries $8,000
   - eleventh and succeeding anniversaries $12,000

3. an area of interest of ½ mile the Company, through its wholly owned subsidiary, Nevada Select was the underlying owner of the claims through staking and owns 50% of the Option Agreement which was executed in partnership with Platoro West Inc, a privately held Nevada corporation. The Company and Platoro West will each be deeded 50% of the royalty and will each be entitled to 50% of the advance minimum royalty payments.

The acquisition of the Platoro West assets included its 50% ownership of the Tuscarora Option Agreement and the Company now owns a 100% interest.

Isabela Pearl

On January 9, 2017, the Company executed a purchaser agreement for the sale of its 100% owned Isabella property to Walker Lane Minerals Corporation, a wholly subsidiary of Gold Resource, for US$400,000. The Company will retain a NSR (the "Isabella NSR") of 2.5%. Gold Resource has the option to buy-down 0.5% of the Isabella NSR for US$500,000. The Isabella NSR includes an area of interest (the "Isabella AOI") on claims not already held by Gold Resource in their Isabella Pearl property package. The Isabella AOI royalty will be 2%, of which Gold Resource can buy-down 1% for US$1,000,000. The total purchase is payable to the Company as follows:

- US$100,000 cash (received - $134,483);
- US$60,000 cash (received – $80,689) as a one-time advance royalty payment; and
- US$300,000 ($396,720) in Gold Resource restricted common stock, which equated to 59,642 shares (received).

Hackberry Project

On January 25, 2017, the Company entered into an option agreement with Bitterroot Resources Ltd. ("Bitterroot") whereby Bitterroot can acquire a 100% interest in the Company's Hackberry North Project. Bitterroot can acquire their 100% interest by making cash payments of US$150,000 and issuing 600,000 Bitterroot common shares to the Company, as follows:

- At closing – US$20,000 cash and 200,000 Bitterroot common shares;
- Year 1 – US$30,000 cash and 100,000 Bitterroot common shares;
- Year 2 – US$50,000 cash and 100,000 Bitterroot common shares;
- Year 3 – US$50,000 cash and 200,000 Bitterroot common shares.

The Company will retain a 3% NSR on precious metals, a 2% NSR on all other products sold and a 0.5% NSR on unpatented lands which Bitterroot acquires within a 2.66-mile radius of the property. On the first three anniversaries of the option exercise, Bitterroot will pay advance minimum royalty payments of US$10,000 per year. On each of the fourth through 10th anniversaries, Bitterroot will pay advance minimum royalty payments of US$15,000 per year.

Bald Peak Property

On February 17, 2017, the Company sold its 100% interest in the Bald Peak Project to Radius Gold Inc. ("Radius") for total proceeds of US$35,115 (received – $46,710). The Company issued, to Radius, a Deed with Reservation of Royalty to Radius that provides for:

- a 3% NSR on certain claims of the Bald Peak Project;
- a 1% NSR on certain claims of the Bald Peak Project;
- an area of interest of two miles;
- an annual advance royalty payment of US$25,000 beginning on the date an exploration permit is issued;
- Radius may buy-down 1% of the 3% NSR for US$1,000,000.

Butcher Boy

On October 5, 2016, the Company entered into an agreement to purchase 30 unpatented mineral claims and four placer claims in the state of Nevada, USA (the "Butcher Boy Project"). Upon signing, the Company advanced US$10,000 as a refundable deposit. The agreement is subject to various terms and conditions being satisfied prior to June 30, 2017. Should these terms and conditions be met, the Company would advance, subject to a due diligence period, US$300,000 for the 100% purchase of the claims. Upon completing its' due diligence, the Company terminated the transaction and received a full refund of the deposit.

Weepah Project

On July 10, 2017, the Company closed the option of the Weepah project with Valterra whereby Valterra can acquire 100% of the Weepah project by making the following option payments to the Company:

- At closing – US$100,000 cash or through the issuance of Valterra common shares (received 2,598,680 Valterra common shares);
- Year 1 – US$100,000 cash or through the issuance of Valterra common shares
- Year 2 – US$200,000 cash;
- Year 3 – US$200,000 cash; and
- Year 4 – US$400,000 cash (the ("Final Option Payment")

If the Final Option Payment is made the Company will retain a 3% NSR on ten unpatented claims and one patented claim. Valterra will have the right to buy-down 1% of the underlying royalty on these claims for US$1,000,000. Sixty-six unpatented claims are subject to a 2% NSR to a third party and Ely Gold will retain a 1% NSR on those claims.

Valterra will pay the Company advance royalty payments as follows:

- US$25,000 on the first through third anniversary dates of the Final Option Payment;
- US$25,000 on each anniversary date of the Final Option Payment thereafter.

Royalty Acquisition

On September 8, 2017, the Company acquired four deeded royalties and one leased property for US$40,000 from Wolfpack Gold (Nevada) Corp. The Company must pay advanced royalties on the acquired leased property as follows:

- Years 1-9 US$10,000;
- Years 10-14 US$12,500;
- Years 15-19 US$15,000; and
- Years 20+ US$20,000.

New Boston Project

On September 10, 2017, the Company closed the sale of the New Boston project with VR Resources whereby VR Resources can acquire 100% of the New Boston project by making the following payments:

- At closing – US$10,000 (received) and 50,000 shares of VR Resources (received).
- An additional 50,000 shares of VR Resources if VR Resources completes a diamond drill program.

If a drill program is not completed by VR Resources within 18 months of closing, the property and any new exploration data will be returned to the Company. The Company was granted a 2% NSR on closing, subject to VR Resources' right to buy down one half of the royalty for US$500,000 per half percent.

Gold Bar Project

On September 13, 2017, the Company closed the option of the Gold Bar project with Fremont whereby Fremont can acquire 100% of the Gold Bar project by making US$1,000,000 in option payments to the Company, as follows:

- At closing – US$10,000 (received)
- US$40,000 six months after the closing date
- US$100,000 one year after the closing date
- US$100,000 two years after the closing date
- US$100,000 three years after the closing date
- US$200,000 four years after the closing date
- US$400,000 four years after the closing date (the "Gold Bar Final Option Payment")

If the Gold Bar Final Option Payment is made the Company will retain a 2% NSR. Fremont will have the right to buy-down 1% of the underlying royalty on these key claims for US$5,000,000.

Fremont is also required to pay the Company advance royalty payments as follows:

- US$25,000 on the first through third anniversary dates of the Gold Bar Final Option Payment;
- US$35,000 on each anniversary date of the Final Option Payment thereafter.

Gold Canyon Project

On January 16, 2018, the Company entered into a definitive option agreement with Intermont Exploration, LLC ("Intermont Exploration"), a wholly owned subsidiary of Fremont whereby Fremont can acquire 100% interest in the Gold Canyon project by making US$802,500 in option payments to the Company, as follows:

- Initial payment – US$15,000 (received in January 2018)
- US$37,500 six months after the closing date
- US$150,000 one year after the closing date
- US$112,500 two years after the closing date
- US$112,500 three years after the closing date
- US$112,500 four years after the closing date
- US$300,000 five years after the closing date (the "Gold Canyon Final Option Payment")

If the Gold Bar Final Option Payment is made the Company will retain a 2% NSR on the Gold Canyon claims and a 1% NSR on any acquired or staked additional claims located within a one-mile area of interest. Fremont will have the right to buy-down 1% of the underlying royalties on all the claims for US$3,000,000.

Fremont is also required to pay the Company AMR payments as follows:

- US$25,000 on the first through third anniversary dates of the Gold Canyon Final Option Payment;
- US$35,000 on the fourth anniversary date of the Gold Canyon Final Option Payment and on each anniversary thereafter.

North Carlin Project

On February 20, 2018, the Company entered into a definitive option agreement with Intermont Exploration, LLC, a wholly owned subsidiary of Fremont whereby Fremont can acquire a 100% interest in the North Carlin project by making US$267,500 in option payments to the Company, as follows:

- Initial payment – US$5,000 and 200,000 Fremont shares
- US$12,500 six months after the closing date
- US$25,000 one year after the closing date
- US$37,500 two years after the closing date
- US$37,500 three years after the closing date
- US$50,500 four years after the closing date
- US$100,000 five years after the closing date (the "North Carlin Final Option Payment")

If the North Carlin Final Option Payment is made the Company will retain a 2% NSR on the North Carlin claims. There is no area of interest associated with the North Carlin claims and Fremont will have the right to buy-down 1% of the NSR for US$3,000,000.

Fremont is also required to pay the Company AMR payments as follows:

- US$25,000 on the first through third anniversary dates of the Gold Canyon Final Option Payment;
- US$35,000 on the fourth anniversary date of the Gold Canyon Final Option Payment and on each anniversary thereafter.

County Line Project

On March 12, 2018, the Company entered into a definitive purchase agreement with Gold Resource whereby Gold Resource has acquired a 100% interest in the County Line project for total consideration to the Company of US$300,000. The Company will retain a 3% NSR on the County line claims. There is a one-mile area of interest associated with the NSR. Gold Resource will have the right to buy-down 1% of the NSR for an aggregate purchase price of US$1,000,000.

Monitor Claims

On March 28, 2018, the Company entered into a definitive option agreement with Monitor Gold Corporation ("Monitor"), a wholly owned subsidiary of Orla Mining Ltd. whereby Monitor has the option to acquire a 100% interest in four unpatented mining claims (the "Monitor Claims") by making US$677,000 in option payments to the Company, as follows:

- Initial payment – US$2,000
- US$5,000 one year after the closing date
- US$10,000 two years after the closing date
- US$15,000 three years after the closing date
- US$20,000 four years after the closing date
- US$25,000 five years after the closing date
- US$50,000 six thru nine years after the closing date
- US$400,000 ten years after the closing date (the "Monitor Final Option Payment")

If the Monitor Final Option Payment is made the Company will retain a 2.5% NSR on the Monitor Claims. There is no area of interest associated with the Monitor Claims and Monitor will have the right to buy-down 1% of the NSR for an aggregate purchase price of US$1,000,000.

Kraut Claims

On May 3, 2018, the Company closed the sale of the Kraut claims with VR Resources whereby VR Resources will acquire 100% of the Kraut claims by making the following payments:

-
- At closing – US$10,000 and 50,000 shares of VR Resources
- An additional US$50,000 and 50,000 shares of VR Resources once an initial drill program commences on the Kraut claims.

The Company will retain a 2% NSR on the Kraut claims. VR Resources will have the right to buy down 1% of the royalty for US$500,000 per 0.5% for a maximum of US$1,000,000.

1.6 RESULTS OF OPERATIONS

Three months ended March 31, 2018, compared to the three months ended March 31, 2017.

The Company recorded net income of $63,707 ($0.00 profit per common share) for the three months ended March 31, 2018 (the "current quarter") compared to net income of $421,464 ($0.01 profit per common share) during the three months ended March 31, 2017 (the "prior quarter"), a decrease of $357,757, as explained in the following paragraphs.

- Option proceeds was $112,451 higher in the current quarter ($112,451) when compared to the prior year ($nil). During the current quarter , the Company received additional cash and shares payments relating to its mineral properties that have been optioned to third parties.

- Consulting fees were $36,930 higher in the current quarter ($163,623) when compared to the prior quarter ($126,693). The increase is due to an increase in the number of consultants engaged in the current quarter when compared to the prior quarter.

- Professional fees were $5,636 higher in the current quarter ($26,679) when compared to the prior quarter ($21,043). During the current quarter, the Company accrued additional audit fees.

- Share-based payments, a non-cash expense, was $19,754 higher in the current quarter ($19,754) when compared to the prior quarter ($Nil). During the current quarter, 450,000 options were granted compared to nil in the prior quarter.

- Travel and promotion was $110,990 higher in the current quarter ($131,780) when compared to the prior quarter ($20,790). During the current quarter, additional promotional activities were under taken to promote the Company's mineral properties available for sale/option in an effort to increase awareness and attract potential buyers. The Company has also engaged an investor relations consultant in the current quarter.

- The gain on disposal of marketable securities was $60,225 higher in the current quarter ($60,225) when compared to the prior quarter ($nil), which is a result of the Company disposing of 85,000 common shares of Gold Resource in the current period.

- The change in fair value of marketable securities was $66,821 higher in the current quarter (loss- $66,821) when compared to the prior quarter ($nil), which is related to market fluctuations of the marketable securities held by the Company at each quarter end date.

- The gain on disposal of exploration and evaluation assets was $307,278 lower in the current quarter ($351,324) when compared to the prior quarter ($658,602). The current quarter gain relates the Company's sale of the County Line project while the previous quarter gain relates to the sale of the Company's Isabella property.

- Gain arising from foreign exchange was $33,328 higher in the current quarter (gain - $45,513) when compared to the prior quarter (gain - $12,185). The fluctuation is attributable to the fact that the Company holds cash balances of US dollars and a portion of its marketable securities are US listed securities.

1.7 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The material components of exploration and evaluation expense are:

For the three months ended	March 31, 2018	March 31, 2017
Exploration and evaluation costs		
Geological consulting	$ 22,601	$ 10,729
Claim maintenance	27,511	-
	$ 50,112	$ 10,729

1.8 SUMMARY OF QUARTERLY RESULTS (unaudited)

The following table summarizes selected information from the Company's unaudited condensed interim consolidated financial statements, prepared in accordance with IFRS, for the last eight quarters.

For the quarters ended

	Mar 31 2018	Dec 31 2017	Sept 30 2017	Jun 30 2017
Total revenues (Interest & other income)	$112,451	$206,615	$89,135	$15,144
Gain (loss) for the quarter	$63,707	$(577,965)	$(947,076)	$(542,127)
Gain (loss) per share	$0.00	($0.01)	($0.01)	($0.01)

For the quarters ended

	Mar 31 2017	Dec 31 2016 *(restated)*	Sept 30 2016 *(restated)*	Jun 30 2016 *(restated)*
Total revenues (Interest & other income)	$68,519	$20,964	$11,403	$17,339
Gain (loss) for the quarter	$421,464	($968,093)	($361,034)	($189,902)
Gain (loss) per share	$0.01	($0.02)	($0.00)	($0.00)

The Company earns interest income from its cash and cash equivalents, which will vary from period to period depending on the prevailing cash and cash equivalents balance in the period.

Effective January 1, 2017, the Company changed its accounting policy in respect of exploration and evaluation expenditures to recognize these costs in the statement of loss in the period incurred, as permitted under IFRS 6 - Exploration for and Evaluation of Mineral Resources. Previously, these expenditures were capitalized as exploration and evaluation assets on the Company's balance sheet.

1.9 LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Company had cash of $2,734,964 and a consolidated working capital of $2,911,066. The Company has sufficient cash and cash equivalents to fund its operations for the next twelve months.

The Company's cash and cash equivalents are highly liquid and held at a major Canadian financial institution.

	Increase (Decrease) in Cash & Cash Equivalents for the Three Months Ended March 31,	
	2018	**2017**
Operating activities	$ (423,229)	$ (367,551)
Investing activities	925,500	257,904
Financing activities	(160,629)	-
Total Change in Cash	341,642	(109,647)
Cash and Cash Equivalents, Beginning of the Period	2,393,322	4,366,614
Cash and Cash Equivalents, End of the Period	$ 2,734,964	$ 4,256,967

Operating Activities
The nature of the Company's operating activities has not significantly changed when compared to the prior year. In the current year, the Company realized a gain on disposal of exploration and evaluation assets of $351,324 relating to the disposition of the Company's County Line project.

Investing Activities
The Company received proceeds of $379,410 relating to the disposition of the Company's County Line project and received proceeds of $529,408 on the disposition of marketable securities.

1.10 TRANSACTIONS WITH RELATED PARTIES

Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management:

Three months ended	March 31, 2018	March 31, 2017
Short-term employment benefits	$ 79,469	$ 78,110
Share-based payments	-	-
Total	$ 79,469	$ 78,110

As at March 31, 2018, $155,399 (December 31, 2017 - $287,675) is owing to directors and officers of the Company for management bonuses, which is included in accounts payable and accrued liabilities. A prepaid advance of $16,108 (December 31, 2017 - $nil) was made to an officer and director of the Company.

All other amounts due to related parties are payable on demand. Interest is not charged on outstanding balances.

The Company has in place termination clause agreements with three of the Company's officers and directors, whereby the officers and directors are entitled to a cumulative amount of $319,296 in the event they are terminated without cause, or $837,888 in the event there is a change of control.

1.11 SHARE CAPITAL AND DISCLOSURE OF OUTSTANDING SHARE DATA

At March 31, 2018, the authorized share capital was an unlimited number of common shares and there were 76,055,475 common shares issued and outstanding. As at the date of this MD&A the Company had 79,055,475 common shares issued and outstanding.

Stock Options and Warrants

The following summarizes information on the number of stock options outstanding:

Expiry Date	Exercise Price	March 31, 2018	December 31, 2017
February 15, 2019	$ 0.10	250,000	-
January 5, 2021	$ 0.06	500,000	500,000
September 22, 2021	$ 0.06	850,000	850,000
January 30, 2023	$ 0.14	250,000	250,000
January 28, 2024	$ 0.12	600,000	600,000
November 27, 2024	$ 0.06	550,000	550,000
March 11, 2026	$ 0.09	250,000	250,000
August 18, 2026	$ 0.15	1,200,000	1,200,000
June 19, 2027	$ 0.125	500,000	500,000
November 22, 2027	$ 0.10	1,725,000	1,725,000
February 15, 2028	$ 0.10	200,000	-
Total outstanding		6,875,000	6,425,000

On February 15, 2018, the Company granted incentive stock options to a consultant of the Company entitling them to purchase 250,000 common shares at a price of $0.10 per share for a period of one year vesting 25% every three months from the date of grant and expiring February 15, 2019. The fair value of these options was calculated at $6,171 using the Black-Scholes option pricing model. $1,573 is included in the statement of income and comprehensive income as a share-based payment expense.

On February 15, 2018, the Company granted incentive stock options to a consultant of the Company entitling them to purchase 200,000 common shares at a price of $0.10 per share for a period of ten years vesting 100% on the date of grant and expiring February 15, 2028. The fair value of these options was calculated at $18,181 using the Black-Scholes option pricing model and is included in the statement of income and comprehensive income as a share-based payment expense.

On November 22, 2017, the Company granted 1,725,000 incentive stock options to certain directors, officers and consultants of the Company. Each option is exercisable into one common share of the Company at a price of $0.10 and expire on November 22, 2027.

On June 29, 2017, the Company issued 300,000 common shares with a fair value of $34,500 for the acquisition of mineral properties.

On June 23, 2017, the Company issued 1,000,000 share purchase warrants to acquire mineral properties. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.125 until June 23, 2020.

Outstanding share data

As at the date of this report, the Company's fully diluted shares outstanding is as follows:

Common shares	79,055,475
Options	6,875,000
Warrants	6,000,000
Fully diluted shares outstanding	91,930,475

1.12 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

1.13 PROPOSED TRANSACTIONS

Other than previously disclosed, the Company has no proposed transactions.

1.14 CONTRACTUAL OBLIGATIONS

The Company has no commitments, material capital lease agreements and no material long term obligations other than what has been previously stated in this MD&A.

1.15 RISKS AND UNCERTAINTIES

The Company's principal business activity is that of acquiring and consolidating mineral claims with the intention to option or sell the properties outright while retaining a royalty interest.

Precious and Base Metal Price Fluctuations
The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the Price of Consumed Commodities
Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of exploration in our operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects.

Foreign Exchange Rate Fluctuations
Operations may be subject to foreign currency exchange fluctuations. The Company to-date has raised its funds through equity issuances which are priced in Canadian dollars. DHI US operates in the United States and incurs exploration and administration expenditures denominated in United States dollars. As a result, the Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions
Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the

Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks

Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labor disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labor and other risks involved in the normal course of exploration activities.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write downs, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company’s financial position.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability of acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company’s projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company’s projects will be commenced or completed on a timely basis, if at all.

Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, none of the Company’s properties have any defined ore-bodies with proven reserves.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company’s control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company’s operations and profitability.

Business Strategy
As part of the Company's business strategy, it has sought and will continue to seek new royalty interests in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favorable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favorable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Environmental Factors
All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Assets
Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers, or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding
The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties
The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest
The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company

and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Third Party Reliance

The Company's rights to acquire interests in certain mineral properties may have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Assurance on Financial Statements

We prepare our financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to our consolidated financial statements for the years ended December 31, 2017 and 2016. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and consolidated financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

General Economic Conditions

The unprecedented events in global financial markets during the last few years have had a profound effect on the global economy. Many industries, including the gold and silver mining industry, are affected by these market conditions. Some of the key effects of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability.

Substantial Volatility of Share Price

In recent years, the securities markets have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Potential dilution of present and prospective shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

1.16 CRITICAL ACCOUNTING ESTIMATES

Full disclosure of the Company's significant accounting judgments and estimation uncertainties in accordance with IFRS can be found in Note 3 of its audited consolidated financial statements as at December 31, 2017.

1.17 FINANCIAL INSTRUMENTS

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The carrying values of cash and cash equivalents, and marketable securities have been based on quoted market prices, a Level 1 measurement according to the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximates fair value, due to the short term to maturity of these financial instruments. The carrying value of notes payable approximates fair value as the notes bear market interest rates.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by placing its cash balances at major Canadian and American financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at major Canadian and American financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2018	December 31, 2017
Cash and cash equivalents	$ 2,734,964	$ 2,393,322

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2018, the Company has cash and cash equivalents of $2,734,964 (December 31, 2017 - $2,393,322), current liabilities of $948,713 (December 31, 2017 - $1,176,905), long-term portion of note payable of $167,420 (December 31, 2017 - $160,944) and working capital of $2,911,066 (December 31, 2017 - $2,755,452).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

As at	March 31, 2018	December 31, 2017
Due Date		
0 – 90 days	$ 948,713	$ 631,943
90 – 365 days	-	544,962
More than 1 year	160,944	160,944
	$ 1,116,133	$ 1,337,849

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and equity price risk.

(i) Interest rate risk

Interest rate risk consists of three components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

(c) Fluctuations in the interest rates impact the value of cash equivalents. As at March 31, 2018, the impact of interest rates on the Company is not deemed significant. The Company's other liabilities are not exposed to interest rate risk, as they are carried at amortized cost.

(ii) Foreign currency risk

The Company incurs expenditures in Canada and the US. Foreign currency risk arises because the amount of the US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

The Company incurs expenditures in Canada and the US. Foreign currency risk arises because the amount of the US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

As at March 31, 2018, the Company has not hedged its exposure to currency fluctuations.

At March 31, 2018 and December 31, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		March 31, 2018		December 31, 2017
Cash and cash equivalents	US$	1,642,343	US$	1,422,889
Accounts payable and accrued liabilities		(206,567)		(279,606)
Note payable		(525,000)		(650,000)
Interest payable		(44,605)		(40,993)
Net	US$	866,171	US$	452,290
Canadian dollar equivalent		$ 1,116,841		$ 567,398

Based on the above net exposures as at March 31, 2018, a 5% (2017 - 5%) change in the Canadian/US exchange rate would impact the Company's income (loss) and comprehensive income (loss) by approximately $55,000 (2017 - $126,000).

(iii) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's available-for-sale investments consisting of common shares are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held.

(iv) Fair value hierarchy

The following tables summarize the Company's financial instruments under the fair value hierarchy, as at March 31, 2018 and December 31, 2017:

March 31, 2018	Level 1	Level 2	Level 3	Total
FVTPL				
Cash and cash equivalents	$ 2,734,964	$ -	$ -	$ 2,734,964
Note payable	$ -	$ 734,449	$ -	$ 734,449
Available-for-sale				
Marketable securities	$ 931,567	$ -	$ -	$ 931,567

December 31, 2017	Level 1	Level 2	Level 3	Total
FVTPL				
Cash and cash equivalents	$ 2,393,322	$ -	$ -	$ 2,393,322
Note payable	$ -	$ 866,850	$ -	$ 866,850
Available-for-sale				
Marketable securities	$ 1,419,193	$ -	$ -	$ 1,419,193

1.18 CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING STANDARDS

Adoption of new accounting policies

The following accounting standards have been adopted as at January 1, 2018 in accordance with the transitional provisions outlined in the respective standards.

IFRS 15 - Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. As of January 1, 2018, the Company has adopted IFRS 15 and has concluded that, based on its current operations, the adoption of IFRS 15 had no significant impact on the Company's financial statements.

The following is the accounting policy for revenue recognition under IFRS 15:

Revenue recognition

Revenue from contracts with customers be recognized upon the use by others of the Company's assets yielding royalties or option proceeds. The recognition of revenue upon the use by others is consistent with our revenue recognition policy as set out in Note 3 of the Company's Annual Financial Statements.

IFRS 9 - Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued in July 2014 to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories for financial assets:

amortized cost and fair value. Classification is determined at initial recognition in one of the following categories: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or at amortized cost. In addition, the standard amended some of the requirements of IFRS 7, Financial Instruments: Disclosures, including the requirement for added disclosures about investments in equity instruments measured at FVOCI and guidance on financial liabilities and derecognition of financial instruments. The Company adopted the standard on January 1, 2018. Retrospective application was required, but there was no requirement to restate comparative periods disclosed.

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Categories	
	IAS 39	**IFRS 9**
Cash and cash equivalents	Amortized cost	Amortized cost
Marketable securities	HFT	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Note payable	Amortized cost	Amortized cost

The Company has elected to irrevocably designate on transition its investment in marketable securities as FVTPL as they are considered to be held for trading. On adoption of IFRS 9, the change in the measurement category had no impact on the financial statements as the Company recorded all changes in fair value in the consolidated statement of loss and comprehensive loss as it was determined that the loss was evidence of a significant decline.

The following is the new accounting policy for financial instruments under IFRS 9:

Financial instruments
The Company recognizes financial assets and liabilities on the balance sheet when the Company becomes party to the contractual provisions of the instrument.

Cash and cash equivalent
Cash and cash equivalent includes cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalent is classified and measured at amortized cost.

Receivable and accounts payable and accrued liabilities
Receivable and accounts payable and accrued liabilities are non-interest bearing and are initially measured at fair value, subsequently recorded at amortized cost which approximates fair value due to the short term to maturity. Receivable are classified as financial assets measured at amortized cost and accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

Equity investments
Equity investments in entities that are not subsidiaries, joint ventures or investments in associates are designated FVTPL unless they are irrevocably designated, on an individual basis, as FVOCI. These investments are measured at fair value on acquisition and at each reporting date. Any unrealized holding gains and losses related to long-term investments designated as FVOCI are excluded from the consolidated statement of loss and comprehensive loss and are included in other comprehensive income ("OCI"). Upon disposal, any accumulated gains and losses remain in equity.

Debt
The Company initially recognizes all financial liabilities at fair value and classifies them as subsequently measured at either FVTPL or amortized cost, as appropriate. For debt subsequently measured at amortized cost, the effective interest rate method is used. Debt required to be classified as FVTPL is measured at fair value on each financial period-end date with gains and losses flowing through the consolidated statement of loss and comprehensive loss.

For debt that is optionally classified as FVTPL, the part of the fair value change related to the Company's own credit risk is recorded in OCI rather than the consolidated statement of loss and comprehensive loss.

Impairment of financial assets
At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, management measure the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets
Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized within other non-operating income. Accumulated gains or losses on financial assets classified as FVOCI remain within accumulated other comprehensive income.

New 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 of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases.*

Applicable to the Company's annual period beginning on January 1, 2019.

Additional information related to the Company is found on SEDAR at www.sedar.com.