



ORESTONE MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended January 31, 2018

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Orestone Mining Corp. ("Orestone", or the "Company") and has been prepared based on information known to management as of May 30, 2018. This MD&A is intended to help the reader understand the consolidated financial statements of Orestone.

The following information should be read in conjunction with the audited consolidated financial statements as at January 31, 2018 and 2017 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the year ended January 31, 2018. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review consolidated financial statement results, including the MD&A and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

Forward looking statements included or incorporated by reference in this document include statements with respect to:

- Plans for exploration of the Company's properties;
- Speculation on future commodity prices;
- Management expectations of future activities and results.



ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at <http://www.orestone.ca>.

SUMMARY AND OUTLOOK

During the year ended January 31, 2018, the Company continued to carefully manage its cash and corporate overhead activities. Detailed Mineral Property information, including Fiscal 2018 activity, can be found in Section 3.

Management's overall expectations for the Company are positive, due in part to the following factors:

- The Company completed a non-brokered private placements by issuing 3,991,667 units at a price of \$0.06 per unit for gross proceeds of \$239,500 in October 2017;
- The Company has planned exploration programs and continues to have field and data reviews of its property to assist the Company's determination of the best course of action for the property.



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1. Background

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia on April 30, 2007.

The Company is listed on the TSX Venture Exchange under the trading symbol “ORS” since March 11, 2008.

On August 29, 2017, the Company consolidated its share capital on the basis of one new share for every five old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

2. Overview

2(a) Company Mission and Focus

Orestone is a junior mineral exploration company. The Company explores for gold and copper/gold in the Quesnel Terrane of British Columbia, Canada.

The Company actively evaluates potential joint ventures, mergers, and acquisitions in search of opportunities to acquire significant new mineral properties.

2(b) Qualified Person

Ross Zawada, P. Geo., is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document.

2(c) Description of Metal Markets

Market interest for all metals such as gold and copper is volatile and the Company will monitor its resources relative to its opportunities during the coming fiscal year.

2(d) Use of the terms “Mineral Resources” and “Mineral Reserves”

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

2(e) Historical estimates are not NI 43-101 compliant

The historical estimates contained in this MD&A have not been calculated in accordance with the mineral resources or mineral reserves classifications contained in the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by National Instrument 43-101 (“NI 43-101”). Accordingly, the Company is not treating these historical estimates as current mineral resources or mineral reserves as defined in NI 43-101, and such historical estimates should not be relied upon. A qualified person has not done sufficient work to date to classify the historical estimates as current mineral resources or mineral reserves.

3. Mineral Property

3(a) Captain Property

The Captain Property and surrounding lands contain many airborne magnetic-high anomalies on ground previously worked by Placer Dome, Noranda and several junior resource companies during 1989 to 1996. Numerous airborne magnetic-high targets in the Quesnel Terrane are known to be related to underlying intrusions important for their relationship with copper-gold porphyry deposits such as Thompson Creek Metals' Mt. Milligan deposit immediately north of the Captain Property. Induced polarization ("IP") surveys over the airborne magnetic highs are a key method of identifying drill targets on the largely overburden covered Captain Property. Between 2008 and 2010, the Company undertook geochemical sampling, induced polarization and ground magnetic surveys, and limited percussion and diamond drilling. Detailed results are filed on Sedar.

In August, 2011, Orestone completed an IP/Resistivity and ground magnetics survey that consisted of a total of 30 kilometers of survey in six lines spaced 400 meters apart and was designed to expand upon previous geophysical surveys along logging roads. The objective of the survey was to better define the potential for copper-gold sulphide mineralization in the area surrounding diamond drill hole 09-05 which encountered potassic-altered volcanic and intrusive rocks. This vertical drill hole reached a depth of 137 meters with the last 3.1 meters encountering mineralized breccia grading 0.21 per cent copper and 0.35 grams per tonne (g/t) gold.

The results of the survey completed by Peter E. Walcott & Associates show three separate IP chargeability anomalies that flank magnetic high anomalies. The IP anomalies have widths of 1,000 meters or more that remain open, thus have yet to be fully outlined. The principal IP chargeability anomaly in the central portion of the survey area currently measures 1,000 meters by more than 4,000 meters and corresponds with a resistivity high. This coincident chargeability and resistivity high area is located on the western flank of a magnetic high interpreted to be a magnetite-bearing intrusive measuring 1,000 to 2,000 meters wide and in excess of five kilometers in strike length. This geophysical signature covering the central IP/resistivity high target on the Captain project is similar in nature to the geophysical signature of the MBX copper-gold deposit at Mt. Milligan. The geophysical report by Peter E. Walcott & Associates also recommends additional work to define anomalies that are located to the east and west of the current grid area.

In December of 2011, the Company initiated a diamond drilling program that was completed in January 2012. The drill program consisted of 4 holes totaling 1,275 meters with the objectives to test the previously described anomalies. Overburden depth from all the drill holes was relatively uniform, averaging 45 meters, which is consistent with overburden depth from the previous drill hole 09-05. The best results from the drilling are found in drill hole C11-01 that consisted of 0.23 g/t gold and 0.03% copper over 87 meters that included 0.298 g/t gold and 0.09% copper over 43 meters.

The drill program was successful in confirming the presence of copper and gold mineralization within a sequence of altered rocks consistent with that found in economic copper-gold porphyry systems. To confirm the presence of favorable alteration, a suite of samples from three holes were sent out for petrographic analysis. The results of this study support the Company's interpretation that the alteration pattern from the drilling is indicating potential for economic mineralization and that more drilling is warranted.

In the fourth quarter of 2012, the Company completed 912.8 metres of diamond drilling in three holes in the East Mag or Admiral Target Area.

Vertical Hole C12-05 located 100 meters west of C11-01 was drilled to depth of 550.17 metres. The hole intersected bedrock at 63.7m; from 63.7m-150m sericite-carbonate altered volcanic rocks with 1-5% pyrite and minor chalcopyrite (copper mineral) were intersected; from 150m-550m moderate to strong potassic feldspar-actinolite-biotite and sericite-carbonate altered volcanics and monzonite porphyry dykes with finely disseminated magnetite-pyrite-chalcopyrite and blebby chalcopyrite and finely disseminated chalcopyrite in potassic feldspar altered veins and flooded zones. Magnetite is disseminated throughout

and is associated with zones of pervasive, felted secondary actinolite-biotite. The above described four hundred meter mineralized intercept of finely disseminated and locally coarse blebby chalcopyrite increases in intensity down hole and remains open at depth.

Hole C12-05 returned two significant intervals of strong gold mineralization; the upper zone grading 0.65 g/t gold and 0.06% copper (on an uncut basis) over 118.8 meters and the lower zone grading 0.41 g/t gold and 0.07% copper (on an uncut basis) over 164.6 meters. The mineralization in hole C12-05 remains open to depth and analytical results are tabled below.

Hole C12-05	From/To (meters)	Length (meters)	Copper (percent)	Gold grams/tonne
Upper zone	88.1-206.9	118.8	0.06	0.65
Incl.	152.1-161.2	9.1	0.27	6.46
Lower zone	377.6-542.2	164.6	0.07	0.41
Incl.	499.5-505.6	6.1	0.51	4.45
Upper zone*	88.1-206.9	118.8	0.06	0.30
Lower zone*	377.6-542.2	164.6	0.07	0.32

*High Gold Values Cut to 1.6 g/t

In January of 2013, the Company conducted a detailed 130 kilometer ground magnetic survey that was completed in February 2013. The magnetic survey was designed to define the magnetic anomaly within the area of the recent drill discovery of significant gold/copper mineralization.

This magnetic survey was successful in identifying new magnetic anomalies. Drilling conducted in late 2012 intercepted disseminated gold-copper mineralization associated with magnetic monzonite dyke swarms and strong potassic alteration conforming to the classic alkalic porphyry model. The data generated from the magnetic survey has defined the size and shape of the magnetic targets which are also related to moderate IP chargeability highs in excess of 10mV/V (millivolts/volts). Combined, this data has defined compelling drill targets which will allow future drilling efforts to focus on the magnetite/gold association.

The survey on the West Mag target area outlined three large magnetic highs over a northwesterly trending area measuring 2500m x 5000m, the largest and most significant, T9 measures 1000m x 4000m with a northwesterly strike length. These large targets lay four kilometers to the west of the Admiral target. It is believed they represent magnetite-potassic alteration and magnetic monzonite intrusives.

In July 2013, the Company completed a drilling campaign that consisted of three diamond drill holes totaling 642 meters. Holes C13-01 and C13-02 were drilled 400 metres respectively NW and SE of significant potassic alteration and copper gold mineralization intersected in previous holes C12-05 and C11-01. Hole C13-03 was drilled in the center of the Admiral target, a large magnetic high measuring 1000 metres by 1500 metres located 800 metres north of holes C12-05 and C11-01.

Hole C13-03 intersected an unaltered and un-mineralized post mineral alkalic gabbro dyke from the bedrock contact at 78.9m to 280.0m. At a depth of 204.9m to 207.9m a xenolith fragment of highly potassic-sericite altered monzonite porphyry was intersected which assays 0.226% copper and 1.90 g/t gold over three metres. The post mineral dyke is situated in the centre of the magnetic high and it is interpreted to measure 50 – 100 metres in thickness and 1000 meters in strike length and the xenolith fragment or rafted block is thought to have been transported from immediate adjacent rocks.

Hole 13-02 was drilled at an Azimuth of -70 NE across a strong magnetic anomaly and intersected two sections of potassic-sericite altered volcanic and monzonite dykes separated by a section of post mineral andesite dykes. The first mineralized and altered dyke was intersected from 32.4m to 66.4m for an interval of 34m with an average grade of 0.073% copper and 0.20 g/t gold while the second altered and mineralized dyke was intersected from 121.3m to 170.1m for an interval of 48.8m with an average grade of 0.055% copper and 0.35 g/t gold.

Hole C13-01 intersected intensely quartz-sericite-pyrite altered volcanics on the south margin of the Admiral target averaging 183 ppm Cu and 52 ppb Au.



The Company now has all permits in place to facilitate 75 line kilometers of geophysics with 58 sites approved for drilling.

For further information, please refer to the Company's news release on www.sedar.com or on the Company's website.

4. Risks and Uncertainties

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that a mineral deposit will ever be discovered and economically produced. Most exploration projects do not result in the discovery of commercially mineable ore deposits. If market conditions make financings difficult, it may be difficult for the Company to find joint venture partners. The Company may be unsuccessful in identifying and acquiring projects of merit.

Mineral resource estimates

The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated.

Gold and metal prices

The price of gold is affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products that the Company may explore have the same or similar price risk factors.

Cash flows and additional funding requirements

The Company currently has no revenue from operations. If any of its exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest or be reduced in interest or to a royalty interest. Additional capital would be required to put a property into commercial production. The sources of funds currently available to the Company are equity capital or the offering of an interest in its projects to another party. Current economic conditions have limited the Company's ability to access financing through equity markets and this has created significant uncertainty as to the Company's ability to fund ongoing operations for the next operating period.

Environmental

The Company's exploration and development activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by NGOs has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

Laws and regulations

The Company's exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards,

occupational health and safety, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Unresolved native land claim issues in Canada may affect its properties in this jurisdiction in the future.

Possible dilution to present and prospective shareholders

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company may seek joint venture partners to fund in whole or in part exploration projects. This dilutes the Company's interest in properties. This dilution is undertaken to spread or minimize the risk and to expose the Company to more exploration plays. However, it means that any increased market capitalization or profit that might result from a possible discovery would be shared with the joint venture partner. There is no guarantee that the Company can find a joint venture partner for any property.

Material risk of dilution presented by large number of outstanding share purchase options and warrants

At January 31, 2018, there were 915,000 stock options and 3,991,667 warrants outstanding. Of the 915,000 options, directors and officers hold 650,000 options and the remaining 265,000 are held by employees, advisors and consultants of the Company.

Trading volume

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in its shares.

Volatility of share price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price.

Competition

There is competition from other mining exploration companies with operations similar to the Company's. Many of the companies with which it competes have operations and financial strength greater than the Company's.

Dependence on management

The Company depends heavily on the business and technical expertise of its management.

Conflict of interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest. As a result of such conflict, the Company may miss the opportunity to participate in certain transactions.

5. Impairment of Long-lived Assets

The Company completed an impairment analysis as at January 31, 2018, which considered the indicators of impairment in accordance with IAS 36, "Impairment Assets." Management concluded that no impairment charge was required because:

- there have been no significant changes in the legal factors or climate that affects the value of the properties;

- all properties rights remain in good standing;
- there have been no significant changes in the projections for the properties;
- the Company intends to continue its exploration and development plans on its properties.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	2018	2017	2016
Total revenues	\$ -	\$ -	\$ -
Expenses	\$ 216,334	\$ 150,592	\$ 242,812
Loss for the year	\$ 216,130	\$ 99,605	\$ 2,526,899
Basic and diluted loss per share	\$ 0.03	\$ 0.01	\$ 0.07
Total assets	\$ 1,523,788	\$ 1,449,168	\$ 1,522,398
Total long-term financial liabilities	\$ -	\$ -	\$ -
Cash dividend declared - per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	January 31, 2018	October 31, 2017	July 31, 2017	April 30, 2017
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$ (80,780)	\$ (59,608)	\$ (42,647)	\$ (33,299)
Net loss	\$ (95,316)	\$ (44,971)	\$ (42,544)	\$ (33,299)
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)

	Three months ended			
	January 31, 2017	October 31, 2016	July 31, 2016	April 30, 2016
Total revenues	\$ -	\$ -	\$ -	\$ -
Income (loss) before other items	\$ (33,497)	\$ (37,466)	\$ (38,123)	\$ (41,506)
Net income (loss)	\$ (37,324)	\$ (37,414)	\$ (28,746)	\$ 3,879
Earnings (Loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.00

6(c) Review of Operations and Financial Results

For the three months ended January 31, 2018 compared with the three months ended January 31, 2017:

The Company recorded a net loss for the three months ended January 31, 2018 of \$95,316 (loss per share - \$0.01) compared to a net loss of \$37,324 (loss per share - \$0.00) for the three months ended January 31, 2017.

Excluding the non-cash share-based compensation of \$42,603 (2017 - \$Nil), the expenses increased to \$38,177 (2017 - \$33,497). The slight increase was primarily due to incurring more professional fees paid for management consulting and legal services relating to the private placement in October 2017.



For the year ended January 31, 2018 compared with the year ended January 31, 2017:

The Company incurred a net loss for the year ended January 31, 2018 of \$216,130 (loss per share - \$0.03) compared to a net loss of \$99,605 (loss per share - \$0.01) for the same period in 2017.

Excluding the non-cash share-based compensation of \$42,603 (2017 - \$Nil), the expenses increased to \$173,731 from 2017's \$150,592. The increase was primarily due to incurring more professional fees paid for management consulting and legal services relating to the private placement in October 2017, from 2017's \$25,302 to 2018's \$45,454. The Company also incurred more investor relations and filing expenses due to the private placement (2018's \$16,684 and \$17,705 respectively compared to 2017's \$4,921 and \$9,975 respectively). Such increase was offset by the Company's continued efforts to curtail expenses and conserve cash which led to a decrease in office expenditures of \$17,758 from \$34,775 in 2017 to \$17,016 in 2018.

6(d) Liquidity and Capital Resources

As at January 31, 2018, the Company had working capital of \$1,991 (January 31, 2017 – working capital deficiency of \$43,582). As at January 31, 2018, cash totaled \$106,882, an increase of \$105,397 from \$1,485 as at January 31, 2017. The increase is due to (a) net proceeds from financing activities of \$220,785; while being offset by (b) operating expenses of \$113,703; and (c) exploration and evaluation assets expenditures of \$16,322 before BC METC refund of \$14,637.

On October 25, 2017, the Company closed a non-brokered private placement of 3,991,667 units (the "Units") at a price of \$0.06 per Unit for gross proceeds of \$239,500. The Company recorded \$18,715 of share issuance costs. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant can be exercised into one common share of the Company at a price of \$0.10 per share for a period of two years from the date of closing.

On November 22, 2017, the Company granted an aggregate of 785,000 common share purchase options to directors, officers, employees, advisors and consultants, exercisable at a price of \$0.15 per share for a term of 5 years. 25% of these options vested immediate upon grant and 25% every 3 months thereafter.

The Company relies on equity financings to fund its exploration activities, corporate overhead expenses and acquisitions. There is no guarantee that the Company will be able to secure additional financing in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration programs.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances will allow its efforts to continue throughout 2018. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.



6(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at January 31, 2018, the Company's share capital was \$6,244,948 (January 31, 2017 - \$6,148,828) representing 11,546,108 common shares (January 31, 2017 - 7,554,441 common shares).

A continuity of warrants for the year ended January 31, 2018 is as follows:

Expiry date	Exercise price (\$)	January 31, 2017	Issued	Exercised	Expired	January 31, 2018
October 25, 2019	0.10	-	3,991,667	-	-	3,991,667
Warrants outstanding		-	3,991,667	-	-	3,991,667
Weighted average exercise price (\$)		\$ -	\$ 0.10	\$ -	\$ -	\$ 0.10

A continuity of options for the year ended January 31, 2018 is as follows:

Expiry date	Exercise price (\$)	January 31, 2016	Expired / Issued	Expired / forfeited	January 31, 2017	Issued	Expired / forfeited	January 31, 2018
September 8, 2016	2.10	62,500	-	(62,500)	-	-	-	-
September 29, 2016	2.00	10,000	-	(10,000)	-	-	-	-
October 26, 2017	0.75	371,000	-	-	371,000	-	(371,000)	-
June 28, 2018	0.50	125,000	-	-	125,000	-	(25,000)	100,000
October 7, 2018	0.50	30,000	-	-	30,000	-	-	30,000
November 22, 2022	0.15	-	-	-	-	785,000	-	785,000
Options outstanding		598,500	-	(72,500)	526,000	785,000	(396,000)	915,000
Options exercisable		598,500	-	-	526,000	196,250	-	326,250
Weighted average exercise price (\$)		\$ 0.85	\$ -	\$ 2.09	\$ 0.68	\$ 0.15	\$ 0.73	\$ 0.20

On April 28, 2018, The Company cancelled stock options to purchase an aggregate of 295,000 common shares allocated to Mr. David Hottman and Mr. Gary Nordin.

On April 29, 2018, the Company granted the new directors incentive stock options to purchase an aggregate of 400,000 common shares at a price of \$0.15 per share, exercisable until April 28, 2023.

On May 27, 2018, a total of 220,000 stock options expired as a result of resignation of two directors.

If the remaining options and warrants were exercised, the Company's available cash would increase by \$524,417.

As of the date of this MD&A, there were 11,546,108 common shares issued and outstanding and 16,337,775 common shares outstanding on a diluted basis.

6(f) Off-Balance Sheet Arrangements

None at this time.



6(g) Transactions with Related parties

Payments to related parties were made in the normal course of operations and were valued at fair value. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. There are no commitments or guarantees associated with the outstanding balances.

Amounts in accounts payable:	Services for:	During the years ended		As at	
		January 31,		January 31,	
		2018	2017	2018	2017
David Hottman	Salaries	\$ 67,200	\$ 67,200	\$ 50,400	\$ 15,400
A private company controlled by a director of the Company	Rent	14,400	-	15,120	-
A private company with an officer in common with the Company	Accounting and management services	15,000	-	2,625	-
Total		\$ 96,600	\$ 67,200	\$ 68,145	\$ 15,400
Amounts in accounts receivable:	Services for:				
A public company with a director in common with the Company	Rent	\$ -	\$ 21,000	\$ -	\$ -
A private company controlled by a director of the Company	Expense reimbursements	-	-	-	27,881
Total		\$ -	\$ 21,000	\$ -	\$ 27,881

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

For the year ended January 31, 2018

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$67,200	\$Nil	\$Nil	\$Nil	\$ 5,427	\$72,627
Mark T. Brown Chief Financial Officer, Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 1,899	\$1,899
Andrew Muir * Director*	\$Nil	\$Nil	\$Nil	\$Nil	\$ 4,613	\$4,613
Douglas Willock * Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,156	\$5,156
Gary D. Nordin Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 6,512	\$6,512
John Kanderka Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 5,427	\$5,427

* The directors subsequently resigned from the Board of Directors.

For the year ended January 31, 2017

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
David Hottman Chief Executive Officer, Director	\$67,200	\$Nil	\$Nil	\$Nil	\$Nil	\$67,200

6(h) Financial Instruments

The fair values of the Company's cash, other receivable, accounts payables and accrued liabilities and shareholders' loan approximate their carrying values due to their current nature.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk and market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings, marketable securities and receivables (excluding GST). The Company manages credit risk by placing cash with major Canadian financial institutions. Receivables are due from the Government of Canada and for reimbursements. Management believes that credit risk related to these amounts is low.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

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

(c) Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and price risk. The Company is not subject to currency risk as the functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

(e) Management of industry risk

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The fair value of the Company's cash, marketable securities, receivables and trade and other payables approximate their carrying values.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:



Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash and marketable securities are measured using level 1 inputs. There were no transfers between levels 1, 2 and 3.

6(i) Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, warrants and share purchase options as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and operations in the near term.

7. Subsequent Events

None other than already disclosed in other sections.

8. Policies and Controls

8(a) Significant Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made,

relate to, but are not limited to, the following:

Critical judgments

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the assessment as to whether any impairment exists on the Company's exploration and evaluation assets.

8(b) Future Accounting Pronouncements

There are no material new accounting standards and interpretations implemented during the year ended January 31, 2018.

Pronouncement that are not applicable or that do not have a significant impact to the Company have not been included in these consolidated financial statements. The following standards are those that the Company reasonable expects to have an impact on disclosures, financial position or performance when applied at a future date. The company is currently evaluating the impact of these standards on its consolidated financial statements.

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018);
- IFRS 15 Revenue from Contracts with Customer (effective January 1, 2018);
- IFRS 16 Leases (effective January 1, 2019).

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

9. Internal Control Over Financial Reporting

Changes in Internal Control Over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.



10. Information on the Board of Directors and Management

Directors:

*David Hottman
Julia Aspillaga
Patrick Daniels
Gary Nordin
John Kanderka*

Audit Committee members:

John Kanderka (Chair), Gary Nordin and Patrick Daniels

Management:

*David Hottman – Chief Executive Officer, President
Mark T. Brown, B.Comm, CPA, CA – Chief Financial Officer*