GREAT BEAR RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

Dated April 30, 2018

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This management's discussion and analysis ("MD&A") for the year ended December 31, 2017 is prepared by management on April 30, 2018 for Great Bear Resources Ltd. (the "Company" or "Great Bear") in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Company's consolidated financial statements and related notes for the year ended December 31, 2017 and the year ended December 31, 2016.

All amounts are in Canadian dollars unless otherwise specified.

Additional information is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at **www.sedar.com.**

Forward-Looking Statements

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar and U.S. dollar, fluctuations in the prices of precious metals, base metals, and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the "Risk and Uncertainties" section of these MD&A for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

OVERVIEW

PRINCIPAL BUSINESS AND CORPORATE HISTORY

Great Bear Resources Ltd. is a publicly traded mineral exploration company listed on the TSX Venture Exchange ("TSX-V") under the symbol "GBR". The Company was incorporated under the Company Act (British Columbia) on December 6, 2001. On January 22, 2010, the Company changed its name from Great Bear Uranium Corp. to Great Bear Resources Ltd. Since August 2006, the Company's main business focus has been to acquire and explore mineral properties. To date, the Company has not earned any revenues from its mineral property interests and is considered to be in the exploration stage.

EXPLORATION AND EVALUATION ASSETS

For details of the resource properties' agreements refer to the Company's consolidated financial statements and related notes for the year ended December 31, 2017 and the year ended December 31, 2016.

a) Dixie Lake Property, Ontario

On November 20, 2015 the Company entered into an agreement to acquire the Dixie Lake mining claims in the Red Lake gold district of Ontario, consisting of a 67% interest in 45 mining claims and a 100% interest in 4 newly staked mining claims.

In order to acquire the interest, the Company must make the following cash payments and share issuances:

- $4,000 to be paid by November 2, 2015 (paid);
- $16,000 to be paid within 7 days of executing the acquisition agreement (paid);
- 20,000 shares to be issued within 30 days of the execution date of the acquisition agreement (issued);
- $20,000 to be paid on the first anniversary of executing the acquisition agreement (paid);
- $20,000 to be paid on the second anniversary of executing the acquisition agreement (paid);

- $30,000 to be paid on the third anniversary of executing the acquisition agreement; and
- $40,000 to be paid on the fourth anniversary of executing the acquisition agreement.

In July 2017 the Company also announced that it entered into a Purchase Agreement (the "Agreement") with Newmont Canada Holdings, ULC ("Newmont"), a subsidiary of Newmont Mining Corporation (NYSE: NEM) to acquire Newmont's 33% interest in the Dixie Lake project, located in the Red Lake district of Ontario. This agreement allows Great Bear to obtain a 100% undivided interest in the Dixie lake property. Under the terms of the Agreement, the Company must pay $80,000 ($20,000 paid) over four years to purchase all of Newmont's 33% interest in the project. The purchase can be accelerated at any time at the Company's discretion. The Agreement is subject to TSX.V approval.

Subsequent to signing the Agreement with Newmont, Great Bear announced it had completed a 1,000 meter drill program would be undertaken at Dixie Lake, testing the continuity and strength of gold mineralization across approximately one kilometer of strike of the Main Zone, down to vertical depths of approximately 100 meters.

The Company undertook a detailed geophysical survey over its Red Lake District properties in September 2017. In total 2,676 line kilometers of high resolution airborne magnetic data were collected at 50 meter line spacing.
Following analysis of geophysical and both historical and recent drill data from the Dixie Lake project, it was concluded that the Dixie Lake property overlies a regionally significant gold-mineralized structure with gold in drill-core across more than 11.5 kilometers of strike length.

The Company expanded its Dixie Lake property through the staking of an additional 26 mineral claims totalling 5,358 hectares in September of 2017. These new claims cover interpreted strike extension of regional structures and favourable stratigraphy similar to those identified at the Dixie Lake gold zone.

On November 2, 2017, the Company announced complete results of the summer 2017 drill program completed on the Dixie Lake project, with all 8 holes returning intervals of gold mineralization displaying excellent continuity. The Company identified four steeply-plunging zones of high grade gold within the 500m by 300m area of the main gold structure that has been drilled to-date. The recently completed geophysical survey also confirmed that the Dixie Lake gold zone occurs within a more than 20 kilometer long, major regional structure on Great Bear's claims. The area drilled by the Company is one of several targets with similar geophysical expressions along this trend, suggesting capacity for multiple on-strike gold zones. Highlighted drill results from the first 1,047 m drill program are provided below.

Table 1: Results from Phase 1 drilling at Dixie Lake.

Hole Number		From (m)	To (m)	Width (m)*	Au (g/t)
DL-001		136.40	141.00	4.60	4.07
	including	140.50	141.00	0.50	10.50
DL-002		122.00	128.50	6.50	1.33
	including	124.50	125.70	1.20	3.06
DL-003		53.25	67.00	13.75	2.11
	including	60.30	61.30	1.00	6.35
DL-004		56.20	62.50	6.30	5.56
	including	59.50	60.50	1.00	8.33
DL-005		162.60	173.00	10.40	16.84
	including	164.60	172.45	7.85	21.53
	and including	170.75	172.45	1.70	82.54
	and including	171.40	172.45	1.05	130.10
DL-006		64.60	73.95	9.35	1.56
	including	72.10	72.80	0.70	3.66
DL-007a		74.80	82.90	8.10	1.60
	including	77.30	78.30	1.00	5.23
	and	89.80	116.30	26.50	1.30
	including	97.30	100.30	3.00	5.25
DL-008		175.50	182.00	6.50	1.09
	including	181.40	182.00	0.60	7.12

*Width represents core length and does not reflect true width of the zone. Great Bear has not completed enough work on the project to determine true width of the zone. Current interpretations suggest that the zone dips between 60 – 90 degrees. All composite intervals are calculated using a minimum cut-off grade of 0.50 g/t gold with < 1.5 metres of internal dilution.

On January 16, 2018 the Company announced completion of drill hole planning and preparation for a Phase 2 drill program at the Dixie Lake gold project. The program was to focus on identifying extensions to the gold mineralization in and around the Main gold zone at Dixie Lake. Drill mobilization was announced together with a 3,000 m drill program in March 2018. Drilling will target the Dixie (Main), Hinge, South Limb and NW zones. As of early April, 2018, seven drill holes were reported as completed, with two holes submitted for assay. The Company indicated it would release drill holes in batches as results were received.

On April 19, 2018 the Company announced expansion of the drill program to 10,000 metres.

b) West Madsen, Ontario, Canada

On December 29, 2016, the Company signed a Purchase Agreement to acquire 100% ownership of the West Madsen gold project in the Red Lake Gold District of Ontario. The property consists of two separate claim blocks, the “A” block which lies immediate west of Pure Gold Mining Inc. (TSX-V: PGM; “Pure Gold”))’s Madsen property, a past-producing high grade gold mine that is currently in re-development, and the “B” block, which is situated to the west of the “A” block. On August 29, 2017, the Company entered into an Amending Agreement to the Purchase Agreement.

On August 30, 2017, the Company signed a purchase agreement to acquire 100% ownership of additional claims expanding the West Madsen gold project. Following this acquisition, the West Madsen project has expanded to 2,725 hectares and is now directly contiguous with Pure Gold Mining Inc.’s Madsen property, with the Company’s project now coming within 2.2. kilometers of active exploration by Pure Gold at the Starratt Olsen Mine.

Under these agreements, the Company will pay aggregate cash and in shares as follows:

Due Date	**Cash**	**Common Shares**
December 2016	$ 12,000 (paid)	
April 7, 2017 issued		100,000 (issued)
Within 7 business days of August 29, 2017	$ 12,000 (paid)	-
Within 7 business days of TSX approval	-	300,000 (issued)
December 29, 2017	$ 10,000 (paid)	-
August 29, 2018	$ 12,000	-
December 29, 2018	$ 12,000	-
August 29, 2019	$ 14,000	-
December 29, 2019	$ 16,000	-
August 29, 2020	$ 16,000	-
December 29, 2020	$ 20,000	-
August 29, 2021	$ 20,000	-
	$ 144,000	400,000

Total remaining payments under the original and amended Agreements is $110,000 over four years plus payment of 100,000 common shares of the Company.

On August 30, 2017, the Company also announced that it is purchasing all Net Smelter Royalties on the West Madsen project for payment of 200,000 shares.

On November 14, 2017, the Company announced the results of a high resolution airborne magnetic survey completed by the Company in October, and gold exploration results from the West Madsen properties. The Company reported that the gold samples collected at West Madsen occur within prominent geophysically-defined extensions of the gold-hosting geology at Pure Gold Mining Inc.’s Madsen property that also continue onto the Company’s claims.

The survey confirmed that each of the three sub-parallel magnetic trends that cross the Company’s West Madsen Block A, host gold mineralization, with samples returning between 0.90 g/t gold and 2.0 g/t gold. The survey results at West Madsen Block B were reported to show two primary Gold targets: 1) a prominent northeast to southwest magnetic linear, and 2) strong evidence of large-scale folding, which is critical to grade enrichments at the Company’s Dixie Lake property. Although the Company has not yet prospected West Madsen Block B, the results of the geophysical survey have provided two target areas for follow-up explorations, focused on the fold hinge area and along the main magnetic linear. The Company announced that both Madsen Blocks will be further explored in spring 2018, after conclusion of a winter drill campaign at the Dixie Lake project.

c) The BA Project, British Columbia

By agreement dated January 28, 2010, the Company entered into an Option and Joint Venture Agreement with Mountain Boy Minerals Ltd. ("Mountain Boy") to acquire up to a 70% interest in the BA Property and George Copper claims Property located in the Skeena Mining Division, Province of British Columbia. Both properties host silver-lead-zinc mineralization within prospective stratigraphy similar to that observed at the nearby Eskay Creek mine.

On October 25, 2010, the Company entered into an Amending Agreement to the Option and Joint Venture Agreement relating to the BA Property whereby the Surprise Creek Property was included under the terms of the Joint Venture Agreement and acquisition costs for the Surprise Creek Property were borne entirely by the Company and were applied against its earn-in requirement towards the BA Property.

The Company earned an initial 50% interest in the BA Property by paying $158,000 and by incurring $5.5 million in exploration expenditures before December 31, 2013.

During the year ended December 31, 2014 management assessed the carrying value of the BA property, which had been impaired due to a prolonged decrease in the price of commodities including metals. Consequently, the Company recorded an impairment charge of $4,645,093 related to the BA property.

In October 2016, the Company amended its agreements with Mountain Boy Minerals Ltd. ("Mountain Boy"). and entered into new Joint Venture agreements with Mountain Boy for each of the BA and Surprise Creek properties (the '2016 Agreements"). The October 2016 agreements require the Company and Mountain Boy to conduct annual minimum work programs of $250,000 on each project. Management has determined the terms of this arrangement do not provide joint control of the relevant activities of exploring and evaluating this property and accordingly only those costs incurred by the Company have been capitalized.

On June 1, 2017, the Company entered into an Agreement to grant an option to Mountain Boy to acquire the Company's 50% interest in and to each of the BA Property and Surprise Creek Property. Under the option agreement, Mountain Boy will pay:

- $1.3 million in stages between August 20, 2017 and August 20, 2020;
- Issue the Company a total of 10 million shares in stages between the date of TSX.V acceptance and April 15, 2020;
- $200,000 upon completion of a NI 43-101 compliant Mineral Resource at the Surprise Creek Property;
- $200,000 upon completion of a Pre-Feasibility Study on the Surprise Creek Property;
- $800,000 upon commencement of construction of a mine to extract ore from the Surprise Creek Property;
- $400,000 upon completion of a NI 43-101 compliant Mineral Resource at the BA Property;
- $500,000 upon completion of a Pre-feasibility study on the BA Property; and
- $1,600,000 upon commencement of construction of a mine to extract ore from the BA Property.

The Company will retain a Right of First Refusal on the sale of both the Surprise Creek and BA properties, should Mountain Boy enter into sale agreement on either project in whole or in part with a third party.

The Joint Venture Agreement will be suspended during the period of the option, and if Mountain Boy elects not exercise an option or fails to make any payments or share issuances to the Company in respect of either optioned property, the joint venture between the Company and Mountain Boy will resume in respect of that property at 50% interest owned by each company.

On September 1, 2017, the Company announced that it received final approval of the TSX Venture Exchange to grant the option to Mountain Boy Minerals Ltd., to acquire the Company's 50 percent interest in and to each of the "BA" and "Surprise Creek" joint ventures and associated properties.

d) Surprise Creek Property, British Columbia

The Company owns 50% of the Surprise Creek Property subject to a 1% NSR, which may be purchased by the Company. Surprise Creek Property is located in the Skeena Mining Division in the province of British Columbia, and is comprised of 19 mineral claims totaling 7,472 hectares.

During the year ended December 31, 2014 management assessed the carrying value of the Surprise Creek property, which had been impaired due to a prolonged decrease in the price of commodities including metals. Consequently, the Company recorded an impairment charge of $214,540 related to the Surprise Creek property.

In October 2016, the Company amended its Joint Venture Agreement with Mountain Boy (see disclosure under BA Property).

On June 1, 2017, the Company entered into an Agreement to grant an option to Mountain Boy to acquire the Company's 50% interest in and to each of the BA Property and Surprise Creek Property (see disclosure under BA Property).

CORPORATE

On December 31, 2016, Mr. Tony Ricci resigned from the position of Chief Financial Officer ("CFO") due to other commitments but remains on the board as a director. Effective January 1, 2017, Mr. Robert Scott replaced Mr. Ricci as the Company's CFO.

SELECTED FINANCIAL INFORMATION

For the years ended December 31, 2017, 2016, and 2015 ($):

	2017	2016	2015
Total assets	2,678,756	1,938,539	970,808
Total liabilities	449,925	475,570	418,161
Write down of resource properties	-	69,172	9,773
Other income (loss)	1,199	17,075	1,122
Net loss for the year	(540,197)	(663,788)	(328,023)
Loss per share	(0.04)	(0.09)	(0.075)

By recent eight quarters ($):

	Other income (loss)	Net loss	Loss per share
December 31, 2017	-	(178,928)	(0.01)
September 30, 2017	-	(138,534)	(0.01)
June 30, 2017	48	(114,021)	(0.01)
March 31, 2017	1,151	(91,514)	(0.01)
December 31, 2016	17,000	(178,149)	(0.01)
September 30, 2016	-	(306,014)	(0.04)
June 30, 2016	75	(135,089)	(0.03)
March 31, 2016	-	(61,611)	(0.015)

Other income of $17,000 during the quarter ended December 31, 2016 was relating to an amount owing to a management company owned by a director that was forgiven.

RESULTS OF OPERATIONS

Year ended December 31, 2017 and 2016

For the year ended December 31, 2017, operating expenses totaled $541,396 and net loss was $540,197. The Company had $680,863 in operating expenses and a net loss of $663,788 for the year ended December 31, 2016.

Office and administration increased 54% mainly due to higher operating costs. Share-based compensation decreased due to a lower amount of options granted during the year. Transfer agent and filing fees decreased due to the Company's share consolidation in June 2016 not occurring in 2017. Travel, promotion and shareholder information increased due to marketing during the year. The impairment of exploration and evaluation assets in 2016 was relating to Lac Pau Property.

Three months ended December 31, 2017 and 2016

For the three months ended December 31, 2017, operating expenses totaled $178,928 and net loss was $178,928. The Company had $178,149 in operating expenses and a net loss of $161,149 for the three months ended December 31, 2016

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts capitalized for the resource properties and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof. Changes in future conditions could require material write-downs of the carrying values of resource properties.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions that would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The Company's working capital was $823,135 as at December 31, 2017 (December 31, 2016 - $407,623). The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. At December 31, 2017, the Company had cash of $931,548 (December 31, 2016 - $765,976) to settle current liabilities of $449,925 (December 31, 2016 - $475,570). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

RISKS AND UNCERTAINTIES

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

OUTSTANDING SHARE DATA

Issued and outstanding common shares:

	Number	Amount
Balance as at December 31, 2015	4,329,000	**$ 14,110,162**
Shares issued for resource properties, net of share issue costs	60,000	10,000
Shares issued in private placement, net of share issue costs	7,805,966	901,339
Balance as at December 31, 2016	12,194,966	**15,021,501**
Shares issued for resource properties	400,000	123,500
Shares issued for warrant exercises	721,032	225,984
Units issued in private placement, net of share issue costs	4,860,691	988,730
Balances as at December 31, 2017 and as at the date of this MD&A	18,176,689	**$ 16,359,715**

On June 1, 2016, the common shares of the Company were consolidated such that one new common share was issued for every five common shares outstanding. The Company has affected the share consolidation in these consolidated financial statements as if it happened as at January 1, 2016 and disclosed all share capital, stock option and warrant information retrospectively, all on a post consolidated basis.

On July 18, 2016, the Company completed a non-brokered private placement and issued a total of 3,005,966 units at a price of $0.15 per unit for gross proceeds of $450,895. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.20 per share for a three-year period. The expiry date of the common share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade in a volume-weighted average price basis of $0.30 per share for a period of 10 consecutive trading days.

On September 16, 2016, the Company completed a non-brokered private placement and issued a total of 4,800,000 units at a price of $0.20 per unit for gross proceeds of $960,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at $0.27 for a two-year period. The expiry date of the share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume-weighted average price basis of $0.40 per share for a period of 10 consecutive trading days.

On August 4, 2017, the Company completed a non-brokered private placement and issued a total of 1,680,000 units at a price of $0.25 per unit for gross proceeds of $420,000. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.35 for a two-year period. The expiry date of the share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume–weighted average price basis of $0.45 per share for a period of 10 consecutive trading days.

On December 27, 2017, the Company completed a non-brokered private placement and issued a total 1,751,834 non-flow-through units at a price of $0.30 per unit for gross proceeds of $525,550. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.42 for a two-year period. The expiry date of the share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume–weighted average price basis of $0.50 per share for a period of 10 consecutive trading days.

On the same day the Company also completed a non-brokered private placement and issued a total of 1,428,857 flow-through units at a price of $0.35 for gross proceeds of $500,100. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.42 for a two-year period. The expiry date of the share purchase warrants will be subject to acceleration on the same terms as the non-flow through warrants.

The securities issued by Great Bear in connection with the private placement are all subject to a four month hold period as prescribed by applicable securities laws. Insiders participated for a portion of the placement. In connection with closing of the placement the Company paid finders' fees of $20,730.

STOCK OPTIONS

The Company has adopted an incentive stock option plan (the "Option Plan") dated September 30, 2010 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

As at December 31, 2017, the following stock options are outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
145,000	145,000	$ 0.75	0.42	September 25, 2018
16,000	16,000	$ 0.75	0.90	March 18, 2019
1,000,000	1,000,000	$ 0.23	3.36	September 1, 2021
40,000	40,000	$ 0.24	3.76	October 5, 2021
210,000	-	$ 0.36	4.47	October 11, 2022
1,411,000	**1,201,000**		**3.51**	

On October 11, 2017, the Company reported that it granted an aggregate of 210,000 stock options to officers, directors, advisors and consultants of the Company, exercisable at $0.36 per share for a period of five years. The options are subject to a four-month hold.

On March 1st, 2018 the company reported that it granted an aggregate of 565,000 stock options to directors, advisors and consultants of the Company, exercisable at $0.51 per share for a period of five years.

WARRANTS

As December 31, 2017, the following warrants are outstanding and exercisable:

Warrants Outstanding	Warrants Exercisable	Exercise price	Remaining Contractual Life (in years)	Expiry date
600,000	600,000	$ 0.50	0.73	September 25, 2018
159,400	159,400	$ 0.40	0.69	September 8, 2018
2,529,634	2,529,634	$ 0.20	1.55	July 18, 2019
4,662,500	4,662,500	$ 0.27	0.71	September 16, 2018
840,000	840,000	$ 0.35	1.59	August 4, 2019
1,590,342	1,590,342	$ 0.42	1.99	December 27, 2019
10,381,876	**10,381,876**		**1.18**	

On August 23, 2017, the Company announced the extension of the terms of certain warrants exercisable at $0.40. A total of 252,500 Warrants are exercisable until September 8, 2017 (the "Expiry Date"), each exercisable into one common share of the Company at an exercise price of $0.40 per common share. These Warrants represent share purchase warrants previously issued by the Company under a private placement announced June 1, 2015. The extension would extend the terms of the warrants to September 8, 2018. The TSX Venture Exchange has consented to the extension of the expiry of these warrants.

COMMITMENTS

a) Plan of Arrangement - Madalena Energy Inc. (formerly Madalena Ventures Inc.)

In March of 2006, the Company entered into an agreement with Madalena Energy Inc. (“Madalena”), a public company listed on TSX Venture Exchange, in which Madalena agreed to distribute its mineral exploration business and certain marketable securities associated with the business to the Company. Each shareholder of Madalena received one-fifteenth of a common share of the Company for each common share of Madalena owned by such shareholder at August 22, 2006. The Company assumed all of Madalena's obligations in respect to a dividend in specie declared by Madalena on November 15, 2004, which was payable in the form of Planet Mining Exploration Inc. (“Planet”) shares. The remaining 962,861 Planet shares and the dividend obligation that were transferred to the Company as part of the Arrangement are not included in the Company’s balance sheet as the shares are held trust by the Company for shareholders of Madelena at the declaration date. As at December 31, 2015, the Company held 962,861 Planet shares for distribution.

The dividend entitlement still exists, but will ultimately expire pursuant to the provisions of the Unclaimed Property Act (B.C.), after which any unclaimed Planet shares (or any cash realized from their disposition prior to then) will become the property of the Company. As these Planet shares are held in a trust account for distribution to eligible shareholders, the shares have been not been recognized from the Company’s balance sheet.

b) Flow-through shares

During 2017 the Company issued flow-through shares and as a result is committed to spend $500,100 in qualifying exploration expenditures in 2018. The Company had incurred approximately $NIL in qualifying expenditures as at December 31, 2017.

c) Lease

The company has entered into an agreement to lease with a related party to rent an office space commencing September 1, 2016 to April 29, 2018 for $1,663.93 per month. In addition to the monthly rental payments, the company is charged for the applicable GST costs.

The company has entered into an agreement to lease with a related party to rent an office space commencing May 1, 2018 to April 29, 2021 for $1,687.50 per month. In addition to the monthly rental payments, the company is charged for the applicable GST costs.

The future rental payments are required as follows:

2018	$20,156
2019	20,250
2020	20,250
2021	6,750

d) The company has entered into a management and consulting services agreement with a related party. If this agreement is terminated by the company, the company is required to make a payment in the amount of $90,000. If there is a change in control and either party terminates this agreement within 12 months of the change in control, the company is required to pay the consultant $180,000.

RELATED PARTY TRANSACTIONS

Key management compensation paid and accrued to directors, officers and companies in which directors and officers are shareholders and employees during the period then ended are as follows:

	December 31, 2017	December 31, 2016
Director fees	**$ 18,000**	-
Share-based compensation	**56,269**	150,325
	$ 74,269	$ 150,325

The Company has incurred transactions with management companies owned by certain directors and officers:

	December 31, 2017	December 31, 2016
Management fees	**$ 45,000**	$ 83,896
Consulting fees	**18,915**	5,000
Property investigation	**4,950**	7,400
Geological fees capitalized to resource properties	**102,850**	45,150
	$ 171,715	$ 141,446

As at December 31, 2017, $7,943 (December 31, 2016 - $42,725) is payable to various officers and directors of the Company. These balances are non-interest bearing with no specific terms of repayment and are unsecured.

During the year, company issued common shares for $91,559 (2016: $Nil) to related parties under two private placements held. Each common share issued came with one-half of a warrant to purchase a common share at a future date. As a result, $31,811 in warrants were issued to related parties. In addition, as at December 31, 2017, included in the flow-through shares liability is a balance of $3,300 (December 31, 2016: $Nil) owed to related parties to the company.

During the year ended December 31, 2017, the company paid $27,744 (2016 - $Nil) to a company controlled by an officer of the Company for rent and office expenses reimbursement.

As at December 31, 2017, included in Prepaid expenses is $8,166 (December 31, 2016 - $6,341) received from related parties.

OFF- BALANCE SHEET TRANSACTIONS

The Company has not entered into any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, investments in equity instruments, receivables, and accounts payable and accrued liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash are available on demand for the Company's programs and are not invested in any asset backed commercial paper.

Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

Price Risk

Investments in equity instruments, classified as available-for-sale financial assets and are carried at fair value through other comprehensive income, are listed on public stock exchanges, including TSX-V and OTC-QB. Recently, the markets have experienced extreme volatility. Therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at December 31, 2017 would have increased investments in equity instruments by $36,545. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

CAPITAL MANAGEMENT

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the year. In the management of capital, the Company includes the components of shareholders' equity, as well as cash.

As at December 31, 2017, the Company is not subject to externally imposed capital requirements.

DISCLOSURE CONTROLS AND PROCEDURES

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the consolidated financial statements and MD&A as at December 31, 2017. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the filings. The disclosure controls and procedures are effective in ensuring that information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including its CEO and CFO, believe that any disclosure controls and procedures and internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at **www.sedar.com**.

SUBSEQUENT EVENTS

On April 19, 2018 the Company announced that it will undertake a non-brokered private placement consisting of both non-flow-through and flow-through unit offerings. The Company looks to issue up to 4,000,000 non-flow-through units (each, a "NFT Unit") and up to 3,448,276 flow-through units (each, a "FT Unit"), for total gross proceeds of up to $2,000,000.

Each NFT Unit will be issued at a price of $0.50 and will consist of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price $0.70 per share for a period of twenty four (24) months.

Each FT Unit will be issued at a price of $0.58 and will consist of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price $0.70 per share for a period of twenty-four (24) months.

On March 1, 2018 the Company issued 565,000 stock options to its directors and consultants exercisable at $0.51 per share with a life of 5 years.