HONEY BADGER EXPLORATION INC.

Management's Discussion and Analysis
For the Three-Month Period Ended March 31, 2017

GENERAL

This Management's Discussion and Analysis ("MD&A") of Honey Badger Exploration Inc. (the "Company" or "Honey Badger") is intended to enable readers to view the company's performance, financial condition and future prospects through management's eyes and to provide material information to readers that may not be fully reflected in the financial statements.

This MD&A is intended to supplement and should be read in conjunction with the Consolidated Financial Statements and the notes thereto for the year ended December 31, 2016. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.honeybadgerexp.com.

This MD&A is prepared as of May 30, 2017 and was approved by the Company's audit committee and by the Board of Directors on May 30, 2017.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

Forward-looking information is broadly defined as disclosures regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection.

This MD&A contains forward looking statements, including statements relating to going concern and capital raising and capital requirements, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. Factors that could cause such differences include: changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations as well as numerous other risk factors. See the ***Risks and Uncertainties*** section of this MD&A for additional disclosures.

Readers are cautioned not to place undue reliance on forward looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

QUALIFIED PERSON

Quentin Yarie, P.Geo, the Company's President and Chief Executive Officer is the Qualified Person, as defined by NI 43-101, who has reviewed and approved the technical information disclosed in this MD&A.

CORE BUSINESS AND OBJECTIVES

Honey Badger is a publicly-listed corporation (TSXV: TUF) incorporated under the laws of Ontario and is involved primarily in the identification, acquisition and advancement of mineral exploration properties with a particular focus on mineral exploration projects located in northern Quebec.

Honey Badger's mineral properties are currently in the exploration stage and the Company does not operate any mines.

Honey Badger's continued operations are dependent upon the ability of the Company to obtain financing for the continued exploration of its mineral properties. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable.

As of March 31, 2017, the Company had no employees in addition to the President & Chief Executive Officer and the Chief Financial Officer. Certain professional, administrative and geological services are provided to the Company by independent contractors, including corporations and/or individuals who may be officers or directors of Honey Badger. No assurance can be given that qualified employees can be retained by Honey Badger when necessary.

The long-term business objectives of the Company are to:

1. acquire mineral properties it considers prospective to strengthen its portfolio of properties,
2. advance the geological knowledge of its mineral properties through successive exploration programs, and
3. if deemed advantageous, dispose of its mineral properties

The value of an exploration property is highly dependent upon the discovery of economically recoverable mineralization, the long-term preservation of the Company's ownership interest in the underlying mineral property, the ability of the Company to obtain the necessary funding to complete sufficient exploration activities on the property, and the prospects of any future profitable production therefrom, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis.

Risk factors that must be considered in achieving the Company's business objectives include the risk that exploration activities may not result in the discovery of minerals or definition of any mineral resources or reserves, that significant expenses could be required to define mineral reserves, that environmental, land title and competitive issues may prevent the development of any mineral reserves, and that the Company may fail to generate adequate funding to development mineral reserves.

The Company accepts the risks which are inherent to mineral exploration programs and the exposure to the cyclical nature of mineral prices. The Company relies on the geological and industry expertise of its Toronto-based management team and engages sub-contractors to complete certain aspects of its exploration programs.

See the ***Risks and Uncertainties*** section of this MD&A for additional risk disclosures.

OUTLOOK

The Company acquired the LG Diamond property in September 2015. Previous work in the region has identified indicator minerals prospective to kimberlite exploration in the vicinity of the claim blocks.

On November 15, 2016, the Company announced results from the magnetic geophysical survey on its LG diamond project. Modelling of the aeromagnetic data confirmed that the 9 previously identified magnetic anomalies on the property have the potential to be kimberlites. The airborne survey improved the spatial resolution of the circular anomalies to pinpoint targets for diamond drilling. Results show that the anomalies have an elongated to circular shape and extend to over one kilometre in depth. Two anomalies are "twinned" and fieldwork confirmed that most of the anomalies are in topographic depressions. Overall, these attributes correspond to those of known kimberlite targets. Prospecting samples demonstrated a number Cr, Co, Ni and Mg anomalies commonly associated with first order transitional element anomalies (Mg, Ni, Cr, Co, V, Mn, Fe), which are commonly associated with kimberlite-type anomalies, and includes the KB-7 target, which is anomalous to strongly anomalous with respect to Ni, Cr, Co (1.45 % nickel, 122 ppm cobalt and 3690 ppm chromium).

The Company currently does not have sufficient funding for an exploration program on the LG Diamond property.

RESULTS OF OPERATIONS

The following are explanations of the material changes for the three-month periods ended March 31, 2017 and 2016:

	Three-Month Period Ended March 31, 2017	March 31, 2016
Expenses		
Exploration expenditures	$ 701	$ 31,058
Payroll and professional fees	19,785	27,010
General and administrative	4,727	71,983
Part XII.6 taxes	1,323	-
Interest Expense (income)	-	242
Realized loss (gain) from marketable securities	-	8,135
Loss for the Period	(26,537)	(138,428)
Changes in fair value of marketable securities	-	5,474
Loss and Comprehensive Loss for the Period	(26,537)	(132,954)
Loss per share – basic and diluted	$ (0.00)	$ (0.00)
Weighted average shares outstanding	104,788,849	79,130,517

Discussion of results for the quarter ended March 31, 2017:

- During the quarter ended March 31, 2017, the Company incurred a loss and comprehensive loss of $26,537 (2016: loss of 132,954).
- Exploration expenditures of $701 (2016: $31,058) consisted of $701 for the LG Diamond project.
- Payroll and professional fees of $19,785 (2016: $27,010) decreased compared to the previous year as a result of decreased legal and other costs.
- General and administrative costs of $4,727 (2016: $71,983) decreased compared to the previous year as a result of decreased investor relation activities.

SELECTED QUARTERLY RESULTS

The following is selected quarterly information for the eight most recently completed quarters:

	Quarter Ended			
	March 31, 2017 $	**December 31, 2016 $**	**September 30, 2016 $**	**June 30, 2016 $**
Exploration expenditures	$ 701	$ 86,723	$ 129,850	$ 98,113
Payroll and professional fees	19,795	(630)	45,028	79,136
General and administrative	4,727	(20,204)	21,061	93,968
Share-based compensation	-	-	-	-
Part XII.6 taxes	1,323	1,605	-	-
Forgiveness of deferred compensation	-	-	-	-
Deferred flow-through premium	-	(80,865)	-	-
Provision for flow-through shares	-	1	328,293	-
Gain (loss) for the quarter	(26,537)	14,206	(524,116)	(271,243)
Gain (loss) and Comprehensive gain (loss) for the quarter	(26,537)	14,206	(524,116)	(271,243)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	66,958	94,020	152,754	255,889
Total Liabilities	797,058	797,583	845,962	544,982
Total Shareholders' Deficiency	(730,100)	(703,563)	(693,209)	(289,593)
Net cash used in operating activities	(4,160)	(72,818)	(98,779)	(269,889)
Net cash provided by investing activities	-	-	-	-
Net cash provided by financing activities	-	-	-	303,956
Cash and cash equivalents	47,103	51,263	123,851	222,860

	Quarter Ended			
	March 31, 2016 $	**December 31, 2015 $**	**September 30, 2015 $**	**June 30, 2015 $**
Exploration expenditures	$ 31,058	177,040	(21,321)	234
Payroll and professional fees	27,010	40,826	-	-
General and administrative	71,983	(27,059)	8,615	58,987
Share-based compensation	-	-	-	-
Part XII.6 taxes	-	162,055	-	(100,000)
Forgiveness of deferred compensation	-	(397,777)	-	-
Deferred flow-through premium	-	(23,365)	-	-
Provision for flow-through shares	-	102,000	-	-
Gain (loss) for the quarter	(138,428)	(390,944)	311,357	(7,220)
Gain (loss) and Comprehensive gain (loss) for the quarter	(132,954)	(468,463)	332,302	91,420
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	0.00
Total Assets	198,233	401,728	283,226	260,658
Total Liabilities	471,839	542,380	187,680	497,414
Total Shareholders' Deficiency	(273,606)	(140,652)	95,546	(236,756)
Net cash used in operating activities	(174,592)	(17,731)	(41,477)	(43,933)
Net cash provided by investing activities	81,729	694	-	-
Net cash provided by financing activities	-	226,640	-	-
Cash and cash equivalents	188,793	281,656	138,622	136,166

MINERAL PROPERTIES

Exploration and Evaluation Expenditures

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its various properties:

	LG Diamond Property $	Wemindji Property $	Other Properties $	All Exploration Properties $
Balance – December 31, 2015	**162,349**	**-**	**2,412,329**	**2,574,678**
Exploration Expenditures	30,733	-	325	31,058
Balance – March 31, 2016	**193,082**	**-**	**2,412,654**	**2,605,736**
Claim Acquisition Costs	-	130,000	-	130,000
Exploration Expenditures	184,386	-	300	184,686
Balance – December 31, 2016	**377,468**	**130,000**	**2,412,954**	**2,920,422**
Exploration Expenditures	701	-	-	701
Balance – March 31, 2017	**378,169**	**130,000**	**2,412,954**	**2,921,123**

During the three-month period ended March 31, 2017:

a) The Company incurred exploration and evaluation expenditures of $701 on the LG Diamond Property (2016: $184,386), $nil on the Wemindji Property (2016: $nil) and $nil on other properties (2016: $325).

LG Diamond Property, Quebec

On September 29, 2015, the Company entered into an agreement with 9019-5504 Quebec Inc. (the “Vendor”) to acquire the LG Diamond Project located in the Jamesie County Municipality, James Bay Region of Quebec. As consideration, the Company issued 10,000,000 common shares at a value of $0.01 each and granted a 2% net smelter returns ("NSR") royalty to the Vendor. One half, or 1% of the NSR can be bought back for $1,000,000 and the remaining 1% for $2,000,000. The purchase transaction closed on October 23, 2015.

Wemindji Property

On May 26, 2016, the Company entered into an agreement to acquire the Wemindji Property, which consists of 29 claims located south-east of Wemindji, in the James Bay region of Québec. The acquisition costs consisted of the payment of $10,000 cash and the issuance of 4,000,000 common shares of the Company with a fair value of $120,000. The Company is also required to grant of a 2% net smelter return (“NSR”) royalty to the property vendors. The 2% NSR may be bought back from the vendors for $2,000,000. The vendors are at arm's length to the Company. The cash payments were completed in August 2016. On September 16, 2016, the Company issued the 4,000,000 common shares owed to the property vendors.

RELATED PARTY TRANSACTIONS AND BALANCES

Related parties as defined by IAS 24 *Related Party Disclosures* include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company.

Key management personnel for the Company consists of the CEO, CFO and VP Exploration.

The following transactions occurred with related parties during the three-month period ended March 31, 2017:

a) Key management personnel received cash compensation of $nil (2016: $27,681), which has been recorded as exploration expenditures on the Statement of Loss and Comprehensive Loss.
b) A corporation controlled by the CFO received cash compensation of $13,500 (2016: $13,225), which has been recorded as payroll and professional fees on the Statement of Loss and Comprehensive Loss.

As of March 31, 2017, the following related party balances were outstanding:

a) A corporation under common management control owed $18,650 (December 31, 2016: $18,650) to the Company for the reimbursement of joint severance expenditures, which has been included in amounts receivable.
b) The Company owed $8,046 to a corporation under common management control (December 31, 2016: $11,801), which has been included in accounts payable and accrued liabilities.

OFF BALANCE SHEET TRANSACTIONS

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

DIVIDENDS

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

SHARE CAPITAL

The authorized share capital consists of an unlimited number of common shares. The common shares have no par value.

As at March 31, 2017 the Company had 104,788,849 issued and outstanding common shares (December 31, 2016: 104,788,849). All issued and outstanding common shares are fully paid.

STOCK OPTIONS

The Company has a stock option plan (the "Plan") under which the Board of Directors of the Company may grant stock options to eligible participants including directors and officers of the Company.

The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The Board, in accordance with applicable Exchange or other regulatory requirements, if any, will determine the vesting period. There is no minimum vesting period unless the optionee is engaged in Investor Relation Activities. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued shares. The fair value of share-based compensation is recognized as contributed surplus upon issuance.

The following is a continuity schedule for each series of stock options outstanding from December 31, 2016 to March 31, 2017:

Expiry Date	**Exercise Price**	**Outstanding And Exercisable December 31, 2016**	**Granted**	**Exercised**	**Expired or Cancelled**	**Outstanding And Exercisable March 31, 2017**
Total	$ -	-	-	-	-	-

WARRANTS

The Company has issued warrants as part of equity financings. The fair value of warrants is recognized upon issuance as an equity reserve until expiration or exercise.

The following is a continuity schedule for the warrants outstanding from December 31, 2016 to March 31, 2017:

Expiry Date	Exercise Price	Outstanding And Exercisable December 31, 2016	Issued	Exercised	Expired or Cancelled	Outstanding And Exercisable March 31, 2017	Ending Fair Value
December 12, 2019	$ 0.05	6,449,800	-	-	-	6,449,800	$ 76,600
December 24, 2018	$ 0.055	2,000,000	-	-	-	2,000,000	$ 54,604
December 24, 2018	$ 0.055	360,000	-	-	-	360,000	$ 9,829
April 26, 2019	$ 0.07	2,275,000	-	-	-	2,275,000	$ 61,392
April 26, 2019	$ 0.05	3,433,332	-	-	-	3,433,332	$ 94,147
April 26, 2019 (a)	$ 0.10	456,667	-	-	-	456,667	$ 12,086
May 12, 2019	$ 0.07	3,750,000	-	-	-	3,750,000	$ 101,195
May 12, 2019 (b)	$ 0.10	300,000	-	-	-	300,000	$ 7,940
Total	**$ 0.06**	19,024,799	-	-	-	19,024,799	$ 417,793

(a) The Company issued 456,667 broker warrants. The fair value of these warrants was calculated using the Black-Scholes model with a volatility of 211%, dividend yield of 0%, expected life of 3 years and a compound risk free rate of 0.50%.
(b) The Company issued 300,000 broker warrants. The fair value of these warrants was calculated using the Black-Scholes model with a volatility of 211% dividend yield of 0%, expected life of 3 years and a compound risk free rate of 0.50%.

LIQUIDITY AND CAPITAL MANAGEMENT

	March 31, 2017	December 31, 2016
Current Assets:		
Cash and Cash Equivalents	$ 47,103	$ 51,263
Amounts Receivable	15,535	41,757
Prepaid Expenses	4,320	1,000
Total Current Assets	**$ 66,958**	**$ 94,020**
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 318,564	$ 319,089
Deferred Flow-Through Premium	48,200	48,200
Flow-Through Provision	430,294	430,294
Total Current Liabilities	797,058	797,583
Working Capital Deficiency	**$ 730,100**	**$ 703,563**

As of March 31, 2017, the Company had a working capital deficit of $730,100.

There were no changes in the Company's approach to capital management during the three-month period ended March 31, 2017.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and makes adjustments in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending.

FINANCIAL INSTRUMENT RISK FACTORS

The following disclosures are to enable users of the condensed consolidated interim financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting year:

a) Credit risk

The Company's credit risk is the risk of counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company's amounts receivable related to sales taxes have negligible counterparty default risk. The Company's amounts receivable related to companies related by common management are subject to counterparty default risk.

b) Liquidity risk

The Company's liquidity risk is the risk that Company has insufficient funds to settle its contractual financial liabilities. The Company manages this risk by ensuring sufficient funds are available as contractual cash flows become due.

As at March 31, 2017, the Company had a cash balance of $47,103 (December 31, 2016: $51,263) to settle current liabilities of $797,058 (December 31, 2016: $797,583). As a result, the Company is exposed to liquidity risk.

While the Company has been successful in obtaining required funding in the past, there is no assurance that future financings will be available.

c) Market risks

The Company's market risk arises from changes in interest rates and commodity prices that could have an impact on profit or loss. This includes:

- Interest rate risk, is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that were subject to variable interest rates.

- Commodity price risks, particularly with respect to diamonds, is the sensitivity of the fair value of or of the future cash flows of mineral assets. The Company manages this risk by continually monitoring base and precious metal prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets.

- Currency risk, is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company does not have any financial assets or liabilities that were subject to variable foreign exchange rates and as such the Company is not subject to currency risk.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Management
The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management’s discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

Credit risk
The Company deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company’s current credit risk is primarily attributable to cash and accounts recoverable. Cash is held with a reputable, Tier A Canadian chartered bank and as such, management believes the risk of loss to be minimal. Accounts receivable is due from the federal government of Canada. Management believes that the credit risk with respect to financial instruments included in HST recoverable is minimal and remote.

Liquidity risk
The Company’s ability to remain liquid over the long term depends on its ability to obtain financing necessary to complete exploration and development of its mineral properties and their future profitable production or, alternatively, upon the Corporation’s ability to dispose of its interest on an advantageous basis.

Currency risk
The Company has no foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure.

Interest rate risk
The Company’s cash balance is subject to changes in interest rates. Interest rate risk is minimal.

Equity price risk
Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. Except for marketable securities, the Company’s other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities and due to related party) are not subject to price risk.

Commodity price risk
The Company is exposed to price risk with respect to gold and other mineral commodity prices, such prices impacting the future economic feasibility of its exploration properties. The Company closely monitors gold and other mineral commodity prices to determine the appropriate course of action to be taken by the Company.

Additional capital
The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company’s properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company’s ability to obtain financing.

RISKS AND UNCERTAINTIES (CONTINUED)

Environmental and permitting

The Company's current or future operations, including development activities, are subject to environmental regulations, which may make operations not economically viable or prohibit them altogether. All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. 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 future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Political risk

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada, which the Company believes to be low.

Business risk

There are numerous business risks involved in the mineral exploration industry. The Company may not own 100% of a mineral concession or joint venture. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by the Company could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to properties.

Surface Rights

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and comply with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting principles consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on May 30, 2017.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary 606596 Alberta Ltd., which is not active and has no assets in the current or prior year. All intercompany balances and transactions have been eliminated.

(d) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 and also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the financial statements relate to the following:

Going concern

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the financial statements.

Deferred Flow-Through Premium Estimates

Recorded costs of flow-through share premium liabilities reflect premiums received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainties and requires the Company to assess the value of non-flow-through shares. The determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability. The fair values of the flow-through premiums are disclosed in Note 6 of the financial statements.

OTHER INFORMATION

Additional information relating to the Company is also available on the SEDAR at www.sedar.com.