HONEY BADGER EXPLORATION INC.

Management's Discussion and Analysis
For the Year Ended December 31, 2016

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 and 2015. 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 1, 2017 and was approved by the Company's audit committee and by the Board of Directors on May 1, 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. The Company does not operate any mines. The current exploration priority is the advancement of the LG Diamond property.

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 December 31, 2016, 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 intends to initiate a first drilling program on the LG diamond property in 2017 if sufficient funding can be secured. The Company currently does not have sufficient funding for its planned exploration program.

RESULTS OF OPERATIONS

The following are explanations of the material changes for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Expenses		
Exploration expenditures	$ 345,744	$ 188,249
Payroll and professional fees	150,544	40,826
General and administrative	166,808	69,413
Part XII.6 taxes	1,605	162,055
Forgiveness of deferred compensation	-	(397,777)
Deferred flow-through premiums	(80,865)	(23,365)
Contingent Provision	328,294	102,000
Gain on Foreign Exchange	(833)	-
Interest Expense	149	(694)
Realized loss (gain) from marketable securities	8,135	(14,539)
Loss for the Year	(919,581)	(126,168)
Changes in fair value of marketable securities	5,474	38,126
Loss and Comprehensive Loss for the Year	(914,107)	(88,042)
Loss per share – basic and diluted	$ (0.01)	$ (0.00)
Weighted average shares outstanding	98,767,437	79,130,517

Discussion of results for the year ended December 31, 2016:

- During the year ended December 31, 2016, the Company incurred a loss and comprehensive loss of $914,107 (2015: loss of 88,042).

- Exploration expenditures of $345,744 (2015: $188,249) consisted of $215,119 (2015: $162,349) for the LG Diamond project and $130,000 in acquisition costs for the Wemindji claims. Exploration costs increased compared to the previous comparative period because of renewed exploration activities, which focused on the LG diamond property.

- Payroll and professional fees of $150,544 (2015: 40,826) increased compared to the previous year as a result of increased cash compensation paid to the management team and of severance costs related to legal settlements with the Company's former CEO and CFO.

- General and administrative costs of $166,808 (2015: 69,413) increased compared to the previous year as a result of increased investor relation activities.

- The contingent provision for the liability to flow-through subscribers of the 2011 series was increased by $155,021 (2015: $102,000) and a further $100,973 (2015: $132,042) for the Part XII.6 taxes based on the results of a CRA audit.

- A contingent provision of $72,300 (2015: $nil) was recognized for the liability to flow-through subscribers of the 2014 series and a further $nil (2015: $30,013) for the Part XII.6 taxes based on the results of an internal audit that indicated a shortfall of $206,571 in qualified Canadian Exploration Expenditures (CEEs) during the year-ended December 31, 2015.

Discussion of results for the quarter ended December 31, 2016:

- During the quarter ended December 31, 2016, the Company incurred a loss and comprehensive loss of $10,354 (2015: loss of 23,365).

- Exploration expenditures of $86,723 (2015: $177,040) consisted of $86,723 for the LG Diamond project.

- Payroll and professional fees of -$630 (2015: 40,826) decreased compared to the previous year as a result of decreased severance costs.

SELECTED QUARTERLY RESULTS

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

	Quarter Ended			
	December 31, 2016 $	**September 30, 2016 $**	**June 30, 2016 $**	**March 31, 2016 $**
Exploration expenditures	$ 86,723	$ 129,850	$ 98,113	$ 31,058
Payroll and professional fees	(630)	45,028	79,136	27,010
General and administrative	(20,204)	21,061	93,968	71,983
Share-based compensation	-	-	-	-
Part XII.6 taxes	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	14,206	(524,116)	(271,243)	(138,428)
Gain (loss) and Comprehensive gain (loss) for the quarter	14,206	(524,116)	(271,243)	(132,954)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	94,020	152,754	255,889	198,233
Total Liabilities	797,583	845,962	544,982	471,839
Total Shareholders' Deficiency	(703,563)	(693,209)	(289,593)	(273,606)
Net cash used in operating activities	(72,818)	(98,779)	(269,889)	(174,592)
Net cash provided by investing activities	-	-	-	81,729
Net cash provided by financing activities	-	-	303,956	-
Cash and cash equivalents	51,263	123,851	222,860	188,793

	Quarter Ended			
	December 31, 2015 $	**September 30, 2015 $**	**June 30, 2015 $**	**March 31, 2015 $**
Exploration expenditures	177,040	(21,321)	234	32,296
Payroll and professional fees	40,826	-	-	-
General and administrative	(27,059)	8,615	58,987	29,181
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	(390,944)	311,357	(7,220)	(53,801)
Gain (loss) and Comprehensive gain (loss) for the quarter	(468,463)	332,302	91,420	(43,301)
Basic and diluted loss per share	(0.00)	(0.00)	0.00	(0.00)
Total Assets	401,728	283,226	260,658	269,053
Total Liabilities	542,380	187,680	497,414	597,229
Total Shareholders' Deficiency	(140,652)	95,546	(236,756)	(328,176)
Net cash used in operating activities	(17,731)	(41,477)	(43,933)	(22,636)
Net cash provided by investing activities	694	-	-	-
Net cash provided by financing activities	226,640	-	-	-
Cash and cash equivalents	281,656	138,622	136,166	157,463

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, 2014	**-**	**-**	**2,386,429**	**2,386,429**
Claim Acquisition Costs	100,000	-	-	100,000
Exploration Expenditures	62,349	-	25,900	88,249
Balance – December 31, 2015	**162,349**	**-**	**2,412,329**	**2,574,678**
Claim Acquisition Costs	-	130,000	-	130,000
Exploration Expenditures	215,119	-	625	215,744
Balance – December 31, 2016	**377,468**	**130,000**	**2,412,954**	**2,920,422**

During the year ended December 31, 2016:

a) The Company incurred exploration and evaluation expenditures of $215,119 on the LG Diamond Property (2015: $162,349), $130,000 on the Wemindji Property (2015: $nil) and $625 on other properties (2015: $25,900).

Mineral Properties (Continued)

The Company has ownership interests in the several exploration projects. The LG Diamond property is the primary focus of exploration.

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.

Property Description

The LG Diamond project is located in the James Bay region of Quebec, on the boundary of major geological provinces near the intersection of two major crustal faults with proven kimberlite fertility. The property package consists of a cluster of 9 non-adjacent claim blocks (KB-1 to KB-9) with a total of 55 claims covering 2,275 hectares. The claims are also in proximity to the trans-taiga gravel road and power lines servicing Hydro Quebec’s regional network of massive hydroelectric power dams.

Previous work in the area has identified the existence of indicator minerals prospective to kimberlite exploration in the vicinity of the claim blocks. Each claim block is centered on circular magnetic anomalies, which represents a possible kimberlite dyke.

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 next phase of exploration is expected to consist of a drilling program of short 100-150m holes in the center of each anomaly to test the bedrock directly below.

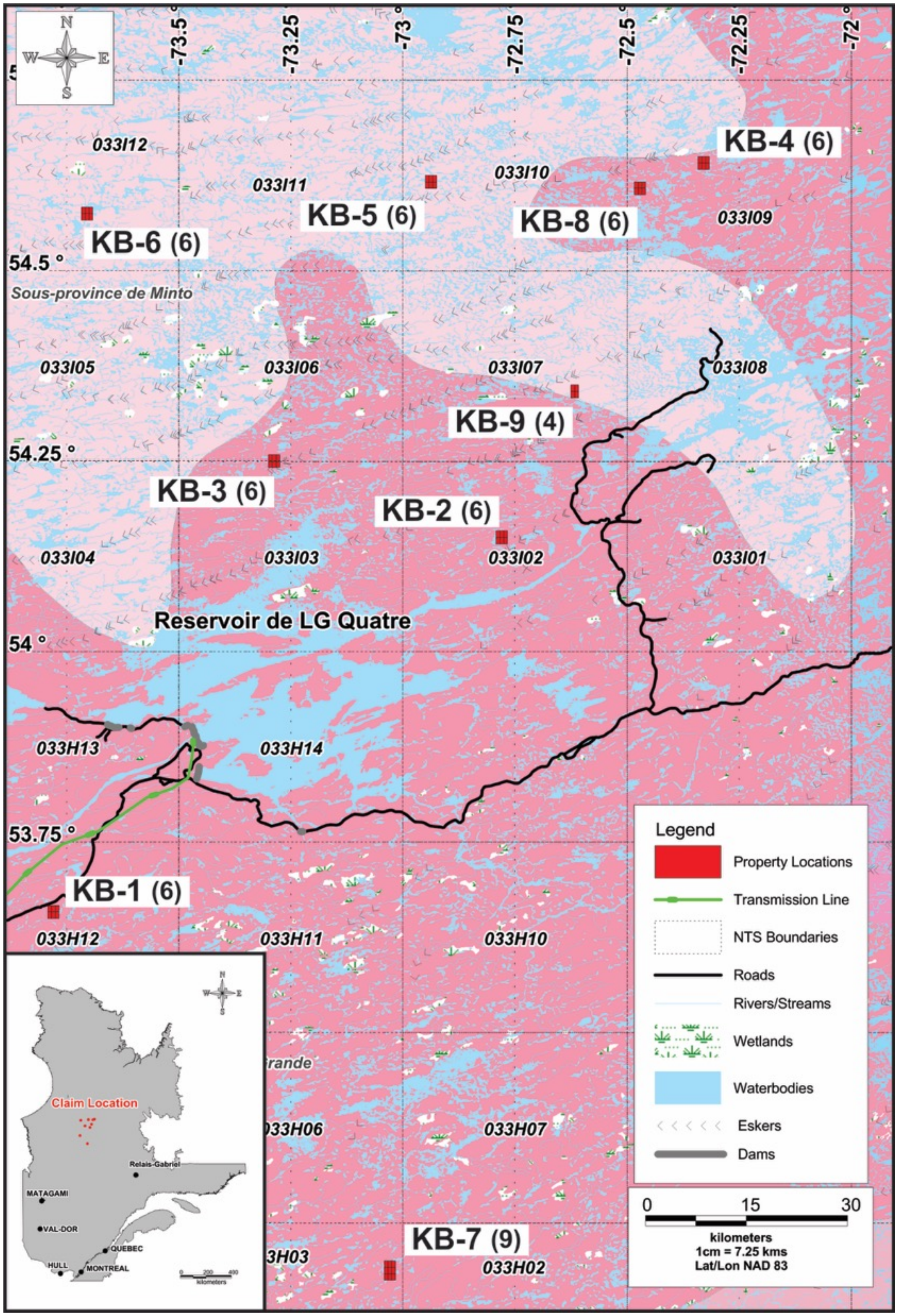

Figure 1 – Location of LG Diamond Property

Mineral Properties (Continued)

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.

Other Properties

- Bear Limonite Creek property

  The Bear Limonite Creek property in British Columbia consisted of 2 claims with early stage copper and gold exploration targets. The Company decided in 2015 that it would not pursue any further activities on the property and the claims were allowed to lapse during the year ended December 31, 2016.

- Sagar Property, Quebec

  On February 28, 2014, the Company entered into a purchase and sale agreement with Energizer Resources Inc. ("Energizer"), a company related by common management. On July 31, 2014 (the "Effective Date") the purchase and sale agreement was replaced by an option agreement (the "Option Agreement") entered into between the Company and Energizer pursuant to which the Company was granted an earn-in option to acquire up to a 100% interest in the Sagar Property in consideration of cash payments, share issuances and work commitment expenditures. This option agreement was further revised on May 8, 2015.

  As of December 31, 2015, the Company had not satisfied the terms of the option agreement. The Company no longer has an interest in this project.

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 year ended December 31, 2016:

a) Key management personnel received cash compensation of $26,850 (2015 – $23,080), 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 $49,550 (2015 – $7,100), which has been recorded as payroll and professional fees on the Statement of Loss and Comprehensive Loss.
c) Deferred compensation owed to certain directors, consultants and key management was waived resulting in a forgiveness of $nil (2015 - $397,777).
d) A corporation under common management control was contracted for exploration services by the Company and was paid a total of $nil (2015 - $46,130).
e) The Company incurred $nil exploration expenditures (2015 - $22,715) on the Sagar property, a property owned by a corporation under common management control.

As of December 31, 2016, the following related party balances were outstanding:

a) A corporation under common management control owed $18,650 (December 31, 2015: $nil) to the Company for the reimbursement of joint severance expenditures, which has been included in amounts receivable.
b) The Company owed $11,801 to a corporation under common management control (December 31, 2015: $52,127), which has been included in accounts payable and accrued liabilities.
c) The Company owed $nil to a corporation controlled by the CFO (December 31, 2015: $8,023).

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 December 31, 2016 the Company had 104,788,849 issued and outstanding common shares (December 31, 2015: 91,330,517). All issued and outstanding common shares are fully paid.

(a) Common Share Financings during the year ended December 31, 2016

On April 26, 2016, the Company issued 2,275,000 flow-through units (“FT Units”) at a price of $0.04 per FT Unit and 3,433,332 common share units (“Common Units”) at a price of $0.03 per Common Unit. Each FT Unit consists of one common share issued on a “flow-through” basis, as defined in the Income Tax Act (Canada), and one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.07 for a period of three years. Each Common Unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.05 for a period of three years. In connection with the financing, the Company incurred share issue costs of $5,544, paid cash compensation of $22,500 and issued 456,667 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.10 for a period of three years.

On May 12, 2016, the Company issued 3,750,000 flow-through units (“FT Units”) at a price of $0.04 per FT Unit. Each FT Unit consists of one common share issued on a “flow-through” basis, as defined in the Income Tax Act (Canada), and one common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.07 for a period of three years. In connection with the financing, the Company also paid cash compensation of $12,000 and issued 300,000 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.10 for a period of three years.

(b) Common Shares Issued for Property Acquisitions during the year ended December 31, 2016

On September 16, 2016, in connection with the Wemindji claims property purchase agreement, the Company issued 4,000,000 common shares at a fair value at $120,000 or $0.03 per common share (note 4).

(c) Common Share Financings during the year ended December 31, 2015

On December 24, 2015 the Company issued 4,000,000 flow-through units (“FT Units”) at a price of $0.05 per FT unit. Each FT Unit consists of one common share issued on a “flow-through” basis, as defined in the Income Tax Act (Canada), and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.055 for a period of three years. The Company also issued 360,000 broker warrants in connection to financing at the same terms as the warrants.

(d) Common Shares Issued for Property Acquisitions during the year ended December 31, 2015

On October 29, 2015, the Company issued 10,000,000 shares valued at $0.01 each to the vendor of the LG Diamond Property.

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, 2015 to December 31, 2016:

Expiry Date	Exercise Price	Outstanding And Exercisable December 31, 2015	Granted	Exercised	Expired or Cancelled	Outstanding And Exercisable December 31, 2016
June 30, 2016	$ 0.10	1,590,000	-	-	(1,590,000)	-
July 19, 2016	$ 0.10	875,000	-	-	(875,000)	-
October 5, 2016	$ 0.10	1,435,000	-	-	(1,435,000)	-
Total	$ 0.10	3,900,000	-	-	(3,900,000)	-

The following is a continuity schedule for each series of stock options outstanding from December 31, 2014 to December 31, 2015:

Expiry Date	Exercise Price	Outstanding And Exercisable December 31, 2014	Granted	Exercised	Expired or Cancelled	Outstanding And Exercisable December 31, 2015
December 31, 2015	$ 0.10	2,780,000	-	-	(2,780,000)	-
June 30, 2016	$ 0.10	1,815,000	-	-	(225,000)	1,590,000
July 19, 2016	$ 0.10	940,000	-	-	(65,000)	875,000
October 5, 2016	$ 0.10	1,550,000	-	-	(115,000)	1,435,000
Total	$ 0.10	7,085,000	-	-	(3,185,000)	3,900,000

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, 2015 to December 31, 2016:

Expiry Date	Exercise Price	Outstanding And Exercisable December 31, 2015	Issued	Exercised	Expired or Cancelled	Outstanding And Exercisable December 31, 2016	Ending Fair Value
September 27, 2016	$ 0.20	7,010,000	-	-	7,010,000	-	-
December 12, 2016	$ 0.05	427,000	-	-	427,000	-	-
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**	16,246,800	10,214,999	-	7,437,000	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%.

The following is a continuity schedule for the warrants outstanding from December 31, 2014 to December 31, 2015:

Expiry Date	Exercise Price	Outstanding And Exercisable December 31, 2014	Issued	Exercised	Expired or Cancelled	Outstanding And Exercisable December 31, 2015	Ending Fair Value
September 27, 2016	$ 0.20	7,010,000	-	-	-	7,010,000	$ 99,300
December 12, 2016	$ 0.05	427,000	-	-	-	427,000	$ 16,952
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
Total	**$ 0.12**	13,886,800	2,360,000	-	-	16,246,800	$ 257,285

LIQUIDITY AND CAPITAL MANAGEMENT

	December 31, 2016	December 31, 2015
Current Assets:		
Cash and Cash Equivalents	$ 51,263	$ 281,656
Marketable Securities (note 3)	-	84,390
Amounts Receivable (note 5)	41,757	15,642
Prepaid Expenses	1,000	20,040
Total Current Assets	**$ 94,020**	**$ 401,728**
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 319,089	$ 126,500
Deferred Flow-Through Premium (note 6)	48,200	80,865
Flow-Through Provision (note 7)	430,294	335,015
Total Current Liabilities	797,583	542,380
Working Capital Deficiency	**$ 703,563**	**$ 140,652**

As of December 31, 2016, the Company had a working capital deficit of $703,563.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016.

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 consolidated 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 December 31, 2016, the Company had a cash balance of $51,263 (December 31, 2015: $281,656) to settle current liabilities of $797,583 (December 31, 2015: $542,380). 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. The Company does not have any mineral assets at the development or production stage carried at historical cost. The Company has expensed the acquisition and exploration costs of its exploration stage 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 consolidated financial statements have been prepared in accordance and comply 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 consolidated financial statements were approved by the Board of Directors on May 1, 2017.

(b) Basis of presentation

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These consolidated 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.

Deferred taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Deferred Flow-Through Premium and Flow-Through Provision 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 no necessarily provide a reliable single measure of the fair value of the premium liability. The assumptions and calculations used for estimating the fair values of the flow-through premiums and flow-through provisions are disclosed in Notes 6 and 7.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

Share-based compensation

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share based payment expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 10.

Deferred Compensation

From time to time the Company accrues compensation, included in accounts payable and accrued liabilities, which represents future compensation for management services and involves significant management judgments. The Company reviews the deferred compensation balance annually to ensure the balance appropriately represents the Company's estimate of what will be paid in cash or settled through share-based payments in future periods. Any reduction is recorded as a forgiveness of deferred compensation costs.

(d) Foreign currencies

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

(e) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.
- Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment.
- Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.
- Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income / (loss) and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each financial position reporting date. Financial assets are impaired when there is objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.
- Other financial liabilities - This category includes other non-derivative accounts payables and accrued liabilities, which are recognized at amortized cost.

Financial instruments recorded at fair value in the statement of financial position are classified according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of the following:

Financial assets:

- Cash and cash equivalents classified as fair value through profit or loss
- Amounts receivables classified as loans and receivables

Financial liabilities:

- Accounts payable and accrued liabilities classified as other financial liabilities
- Flow-through provision classified as other financial liabilities

The fair value of the Company's amounts receivable and accounts payable and accrued liabilities approximate the carrying value, which is the amount recorded on the statements of financial position. The Company's other financial instruments, cash and cash equivalents and marketable securities under the fair value hierarchy, are based on level 1 prices in active markets for identical assets or liabilities.

(f) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

(g) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to acquisition costs, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations.

Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(h) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(i) Share-based payment transactions

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each period end, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are granted to non-employees and same or all goods and services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

(j) Asset retirement obligation

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, provides guidance relating to asset retirement obligations. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and charged to expenses as an exploration cost, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2016, the Company had no asset retirement obligations.

(k) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(l) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

(m) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is deferred and recognized as other income as the expenditure incurs, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(n) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2016 reporting period. Management believes the following standards will not have a significant impact on the Company's financial statements:

IFRS 9 Financial Instruments ("IFRS 9") was initially issued by the IASB in November 2009 and issued in its completed version in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-statement of financial position finance leases and off- statement of financial position operating leases. Instead, there is a single, on- statement of financial position accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures as a whole. Based on their review, including a review of the compensating controls relating to the lack of segregation of duties noted above, they have concluded that the Company's internal controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective overall.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

OTHER INFORMATION

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