

*This document provides management's discussion and analysis (MD&A) for our financial condition as at January 31, 2017, and results of operations for the quarter ended January 31, 2017. This MD&A should be read in conjunction with the Company's consolidated financial statements and notes for the year ended October 31, 2016. **This MD&A has been prepared as of March 29, 2017 and is current to that date unless otherwise stated.***

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Company Overview" with respect to management's planned exploration and other activities, and in "Liquidity", and "Commitments" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available on the Company's website at www.silverspruceresources.com or through the SEDAR website at www.sedar.com.

Company Overview

Silver Spruce Resources Inc. (the "Company") is a junior exploration company headquartered in Bridgewater, Nova Scotia. The Company's is focused on exploration for precious metals and rare earth elements.

In 2015 the Company focused business activities on developing near term properties to maximize benefit to shareholders. The Company was successful in the prospective property called Pino de Plata. In 2015 the Company acquired a 100% interest in Pino de Plata, a 397 hectare property in Chiapas State, Mexico. This is now the Company's flagship property and the initial NI 43-101, detailed below, and shows very promising results resulting in the Company focusing the majority of its resources on developing Pino de Plata.

The Company also holds rare earth element ("REE") properties however, this is an evolving North American market currently still dominated by one country therefore, the market economics are regarded by the Company as evolving and long term and do not correspond with the Company's current strategy. The properties have been reduced / consolidated to allow the main prospects to be retained for the longer term. The main Popes Hill property is considered a JV opportunity for companies involved in REE exploration.

As of January 31, 2017, cash reserves, totaled approximately \$11,317. The Company continues to pursue its strategy to cash flow ready or near cash flow ready properties.

Summary of Quarterly Results

Results of operations can vary significantly by quarter, as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by the level of working capital and the availability of external financing.

	January 31, 2017	October 31, 2016	July 31, 2016	April 30, 2016
	\$	\$	\$	\$
Net (loss) earnings	(228,886)	926,159	(193,686)	152,678
Net (loss) earnings per share -basic and diluted	(0.01)	0.02	(0.01)	0.01
	January 31, 2016	October 31, 2015	July 31, 2015	April 30, 2015
	\$	\$	\$	\$
Net (loss) earnings	(297,593)	(2,079,337)	(116,482)	82,129
Net (loss) earnings per share -basic and diluted	(0.01)	(0.13)	(0.01)	0.01

For the three months ended January 31, 2017 the Company had a net loss of \$228,886 (January 31, 2016 - \$297,593) and a loss per share of \$0.01 (January 31, 2016 - \$0.01). The loss in current quarter is due to exploration and evaluation expenditures and consulting fees.

Expenditures on Mineral Properties

During the quarter ended January 31, 2017, and the quarters ended October 31, 2016, July 31, 2016, and April 30, 2016 and the comparative periods, the Company incurred the following expenditures on exploration:

	January 31, 2017	October 31, 2016	July 31, 2016	April 30, 2016
	\$	\$	\$	\$
Big Easy	-	-	-	-
Pino de Plata	86,040	498,906	64,397	(79,224)

	January 31, 2016	October 31, 2015	July 31, 2015	April 30, 2015
	\$	\$	\$	\$
Big Easy	-	-	-	1,603
Pino de Plata	10,914	1,830,534	52,375	-

The credit balances represent reallocations/recovery of expenses between the properties in the quarters reporting period.

PROJECTS – SILVER

Pino de Plata

This is a 100% Company owned interest in 397 hectares located approximately fifteen kilometres from Coeur Mining Inc.'s Palmerajo open pit and underground operations. This Property shows historical small scale surface mining of high grade silver (> 1,000 g/ton) dating back to approximately the 1600's and the entire project sits on top of an intrusive system with widespread anomalous mineralization. This Property has been privately held by the same individual since 1984 and has never been drilled or fully explored.

In May 2015, Silver Spruce completed an initial National Instrument 43-101 exploration assessment report which identified three areas for follow-on exploration and drilling. The 43-101 involved on-site field examination which

systematically sampled areas of known small scale historical production. But the areas sampled for the 43-101 only represent approximately one quarter of the total Project area. Approximately ninety-two samples were taken during the field examination and show widespread intrusive epithermal mineralization at surface with silver values, on average, of greater than 50 grams per tonne (g/t), that is 1.6 ounces per tonne (opt), over an area of more than 1 square km (>100 Ha). Within the area examined, specific targets were sampled with silver (Ag) assays of up to 557 g/t or 17.9 opt. The following are the three target areas identified in the 43-101.

The Terrero - target, was identified as has having an area of over 20,000 square metres (>2 Ha), where “the replacement epithermal mineralization in igneous rocks contains good silver grades at surface in un-oxidized rock. Seven out of nine samples, taken at surface, contained > 1 opt Ag to as much as 17.9 opt Ag with an average silver grade of 250 g/t (8 opt) Ag. Little additional work in the way of mapping and sampling is required prior to drilling this prospect.

The Santa Elena – is a Gossan target area presents a viable target for replacement Ag-Pb-Zn-Cu deposits. Unoxidized replacement mineralization from the Santa Elena Mine approaches 200 g/t (6.4 opt) Ag. This area has the potential for relatively shallow replacement mineralization over an area of > 20 Ha.” The sampling in the Santa Elena – Gossan target area also revealed elevated values of >2-3% Zn and anomalous Au, Cu and Pb.

Vein Targets - “The Sierpe and Theodora veins are open on strike and have indications of ore grade Ag (>250 g/t or 8 opt Ag) and reasonably minable widths (>= 1 m). Newly exposed, Ag mineralized quartz veins in road cuts to the west along with favorable alteration west of the Sierpe and Theodora mines make these attractive vein targets.” The sampling in the Sierpe I, Sierpe II and Theodora vein target areas also revealed elevated values of up to 5% Pb and up to 7% Zn, with anomalous Au values up to 0.461 g/t.

Only approximately 50% of the Project surface was examined during the 43-101 assessment.

The Company plans an efficient and effective Phase I exploration program to quickly define a significant maiden resource with open pit mining potential to exploit in the near to medium future with minimal capex requirements.

Encino De Oro

The Encino De Oro project contains vein, stockwork and disseminated hosted epithermal gold-silver targets within the upper and lower volcanic sequences.

An initial property examination in October 2016 confirmed that an outcrop of strongly silicified rhyolite tuff contains gold grades of 8 g/t and > 5g/t in two samples covering over 3 m in width. The Company's field reconnaissance team led by Leonard Karr examined this outcrop in November 2016.

This reconnaissance showed mineralization and argillic alteration to be widespread, covering about 3 km², and being open on all sides. About 90% of the exposed section consists of rhyolitic tuffs that are weakly to moderately argillized and locally contain quartz stockwork. Rarely weakly to moderately silicified zones were encountered.

Additionally, local anomalies in Ag, As, Cu, Pb, Zn, and Sb, together are suggestive of a large system that warrants additional work.

On December 1, 2016, the Company announced that it signed a binding and exclusive Letter of Intent to purchase and explore a submittal prospect near Chinipas, in far western Chihuahua State, of over 300 hectares, where field crews sampled 8.42 grams per tonne (g/t) Gold (Au), 8.04 g/t Au and 3.95 g/t Au in chip channel samples from mineralized outcrop in late September.

The Company will purchase the concession and will continue to investigate the potential of the surrounding ground for opportunities to stake additional ground that will be included in the "Encino De Oro" ("Golden Oak")

project land position, if lying within 2 kilometres of the existing claim boundaries. The terms of the purchase agreement are as follows:

-) A deposit of 10,000 pesos (US\$500) was made upon signing of the letter of intent;
-) Year one -- US\$5,000 payment, less the initial deposit, once the formal Mexico contract is finalized;
-) Year two -- US\$10,000;
-) Year three -- US\$15,000;
-) Year four -- US\$20,000;
-) Total -- US\$50,000 over four years.

The owner will keep a three percent (3%) gross production royalty ("GPR") on the claim and any additional claim(s) staked by the Company within the two-kilometre area of interest. The Company retains the right to purchase the GPR for US\$1-million for each one percent (1%).

URANIUM - LABRADOR

General

The Company owns a 100% interest in 15 claims in 2 uranium properties in Labrador. They include - Straits (9) and Mount Benedict (6). The company also retains a 2% net smelter return (NSR) on the Central Mineral Belt Joint Venture (CMBJV) properties. A total of 156 claims including the Two Time zone and Mount Benedict properties are subject to NSR's as described in the property descriptions. The Company has slowed its pace of exploration/development considerably due to the price of uranium and the continuing challenge of raising capital for exploration. The Company will re-evaluate its uranium program if there is positive news on the price of uranium and more financial liquidity.

The Company's uranium projects are described below. For more detailed descriptions, the reader is requested to see earlier versions of the MD and A as filed on SEDAR.

MOUNT BENEDICT (MB)

Property Description

The property, totalling 6 claims, is located in the Benedict Mountains area, near the Labrador coast, in the eastern part of the CMB, approximately 180 kilometres northeast of Happy Valley- Goose Bay (HVGB) and 50 km to the south of Makkovik. The claims are 100% owned by Silver Spruce, subject to a one percent NSR on the original staked property. It is located in part on Labrador Inuit Land (LIL), with the remaining part on Labrador Inuit Land Settlement Area (LISA) lands. The property covers uranium in lake sediment anomalies hosted in felsic plutonic rocks of the Benedict Mountains Intrusive Suite (BMIS), with some felsic supracrustal units of the Aillik Group, the host for the Michelin deposit, which is located to the southwest of the property. The property remains in good standing until at least 2018 without further work required.

Exploration work has been curtailed since 2011 and none is planned for 2017 due to the current low interest in uranium.

For more detailed descriptions the reader is requested to see earlier versions of the MD&A as filed on SEDAR.

JV PROPERTIES - CENTRAL MINERAL BELT JV (CMBJV) – SSE – 2% NSR

The CMBJV properties consist of 451 claims in the Central Mineral Belt (CMB) of Labrador. The properties are proximal to the Michelin, Moran Lake and other uranium showings and are located, to the west of and inland from, the coastal Postville-Makkovik area of Labrador, approximately 150 kilometres northeast of Happy Valley-Goose Bay. Licence 18131M (124 claims) in the CMBNW property was ceded to Lew Murphy, the vendor of the Moran Lake property, due to an area of influence, when Jet Energy dropped the option on the Moran Lake

property however under the CMBJV agreement, the 2% NSR to Silver Spruce continues on this property. The CMBJV claims were acquired by staking in 2005/06 to cover uranium in lake sediment anomalies, hosted in volcanic, sedimentary and plutonic rocks. Silver Spruce's original joint venture partner, Universal Uranium, earned a 60% interest in the CMBJV in March 2007 by spending \$2 million in an option agreement. UUL sold its 60% interest to Crosshair (now JET Metals) in May 2008, for 10 M Crosshair shares plus \$500,000, with UUL retaining a 2% NSR on the 60% purchased. Crosshair took over the operatorship of the JV when SSE reverted to a 2% NSR on the properties. SSE declined to participate in the exploration programs and was diluted to a 2% NSR according to the formula in the JV agreement (NR May 31/12).

Exploration Summary

Exploration consisted of a helicopter-borne radiometric/magnetic survey, a limited airborne gravity survey over part of the CMBNW property, prospecting using scintillometers, lake sediment, soil and radon gas geochemistry, ground scintillometer surveys, geological mapping, trenching and diamond drilling. Follow up on the airborne radiometric survey in late 2006 by SSE, led to the discovery of the Two Time zone on the CMBNW property, the only significant new uranium discovery in the CMB since the early days of exploration in the CMB by Brinex, Canico and Shell in the 1950's to 1980's. The global financial crisis in 2008 / early 2009 and the resulting budgetary restraints, the Nunatsiavut Government uranium moratorium and the price of uranium, has limited exploration to that required to keep the properties in good standing for the last few years. Crosshair (now Jet Energy), as operator, in consultation with Silver Spruce carried out exploration in 2009/10 aimed at consolidating, reducing and retaining those properties which showed the most potential. Three new uranium prospects were discovered on the CMB JL (2) and CMB NE (1) JV properties with values up to 0.46% , 0.28% and 0.1% U₃O₈ in selected grab samples from the three showings (NR Feb. 8/11).

The Two Time (TT) U deposit, located on the CMBNW property has an NI 43-101 indicated resource of 2.33 M lb. (1.82 MT at 0.058% U₃O₈) and an additional inferred resource of 3.73 M lb. (3.16 MT at 0.053% U₃O₈). The zone remains open along strike and at depth and Jet has continued exploration drilling to the south, with drill holes within 50 m of the north boundary of the SN property. In 2011 drilling at the Firestone Showing, located 7 km to the southeast of the TT Zone, gave 3.5 m at 0.084% U₃O₈, including 0.5 m of 0.519% U₃O₈ (DDH FS-11-007). The 2% NSR on the CMBJV properties means that Silver Spruce will benefit from continued exploration on the TT zone and the other prospects in the JV area without any further expenditure.

Crosshair reported (NR August 22, 2012) that drilling on the Two Time deposit intersected mineralization over a significant interval giving 0.031% U₃O₈ over 28.5 m including 4 m at 0.051% and 3 m at 0.074%, indicating the deposit is continuous to the south along strike and down dip. Drill hole CMB-12-49 is a 50 m step out to the south from previous holes that were drilled in 2011. No exploration has been carried out since and as far as known, none is planned for 2017.

RARE EARTH ELEMENT (REE) PROPERTIES

The Company holds two rare earth element (REE) properties totaling 71 claims (20 km²) in Labrador – the Pope's Hill (PH), and Straits. The properties are 100% owned by Silver Spruce, subject to net smelter returns (NSR's) on the Straits property as described in the property descriptions. A 50/50 joint venture with Great Western Minerals Group, the Popes Hill JV, covered part of the 100 km long PH trend however the claims in this agreement were cancelled in the 2015 3rd quarter and the agreement is now terminated.

Compilation maps showing the property locations, the geophysical and geochemical results, a diamond drill plan map plus a summary of the drill hole and trench data on the Popes Hill property and data and pictures from the Company's REE projects can be viewed on the company website at www.silverspruceresources.com. The Company's REE projects are described following although the descriptions have been shortened considerably from earlier versions of the MD and A to save money on printing since no exploration has been carried out for a few years. For more detailed descriptions, the reader is requested to see earlier versions of the MD and A as filed on our website and SEDAR.

Planned Exploration

No exploration is planned in 2017. The properties have been reduced / consolidated to allow the main prospects to be retained for the longer term. The main Popes Hill property is considered a JV opportunity for companies involved in REE exploration.

POPE'S HILL (PH) – 100 % OWNED

Property Description

The PH trend extends in a generally E-W to NE-SW direction from the Pope's Hill area, approximately 100 km from Happy Valley/Goose Bay on the Trans Labrador Highway (TLH), along and parallel to the Churchill River. The property totals 62 claims (15.5 km²) after regional properties, with limited potential, were dropped. The claims cover REE showings, and structural features defined by government mapping. REE mineralization, discovered by SSE, is associated with syenitic intrusive units in the gneisses at the MP trend and with pegmatites to the south of the MP trend on the original PH property. No previous REE or other exploration is documented for the area.

Exploration Summary

Uranium, thorium and REE mineralization was located in 2006 while prospecting for uranium. No further work was carried out in 2006 due to the lack of interest in REE's and the property was not staked until spring 2010, when interest in REE's peaked. A prospecting / sampling program (31 samples) using scintillometers to locate radioactive mineralization in the fall of 2010 gave anomalous total rare earth element plus yttrium (TREE) values with 16 > 5%, and 5 > 10% with a high value of 24.1% (NR Oct. 28, 2010). TREE values varied from a low of 0.07% to a high of 24.07% averaging 5.73%, which included 7 "host rock" samples, with values 0.4% or lower. Samples are rich in light rare earth elements (LREE), but the more anomalous values give higher values in HREE up to 7.5% percent of the REE. Significant values in Nb, Zr, Th and U were also noted. The anomalous trend was traced over a 7 km strike length extending to the east, approximately 4 km, and to the west, approximately 3 km, from the MP showing in the bedrock pit by the TLH. The highest REE values were in a dark grey to black sub-metallic to glassy mineral, in segregations that are variably non-magnetic to moderately magnetic.

All of the REE bearing samples are weakly to moderately radioactive with significant Th content (up to 0.7%) but generally 0.1-0.3 % and minor uranium values (up to 461 ppm but generally < 100 ppm). Overburden depths are 1-2 m maximum with scarce outcrop away from the road. The rock unit hosting the REE mineralization is a peralkaline, syenitic unit of late Paleoproterozoic age which hosts green pyroxene crystals. Magnetic, VLF-EM and radiometric (spectrometer) surveys were carried out with lithological/alteration trends noted striking in a 070 degree (ENE) direction and magnetics indicating crosscutting, probable fault or shear structures, trending at approximately 150/330 degrees, one of which passes through the area of the MP pit. Radiometric results were inconclusive due to the limited area covered and the inclement weather however radiometric anomalies were defined in the MP showing area.

For a detailed summary of the exploration work carried out on these properties –readers are encouraged to see earlier versions of the MD&A as filed on SEDAR.

Planned Exploration

No exploration is planned for 2017, due to lack of funding for REE projects. The area has JV potential due to its location along the TLH.

STRAITS (ST)

Property Description

The project, located in the Straits of Belle Isle area of southern coastal Labrador, between Mary's Harbour and Red Bay, consists of 9 claims. It was acquired for its uranium potential however, REE potential has been noted and the property is considered a U/REE property.

Planned Exploration

No exploration is planned in 2017 due to lack of funding for REE or U projects. The properties are being reduced, or dropped as they come due to allow maintenance of some of the properties for the longer term.

MANAGEMENT

Karl Boltz – President/CEO, Director

He is a natural resources consultant with 15+ years working with public and private companies in Mexico- project acquisition, funding, market development and project management. Mr. Boltz is fluent in Spanish and was the Co-founding President, CEO and Director of EXMIN Resources Inc. (now Sierra Metals Inc.).

Gordon Barnhill - VP Corporate Affairs, Director, CFO

Prior to joining Silver Spruce Resources, Mr. Barnhill was the President of a company providing management consulting, capital research, business evaluations, deal structuring and investment strategies. From 1973 to 1997 Mr. Barnhill had an extensive career in banking with Canada's largest banking institution as a senior commercial lending officer.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

Operating Activities

The Company had a net cash outflow from operating activities of \$324,022 for the three months ended January 31, 2017 (January 31, 2016 - \$79,826 outflow).

Financing Activities

The Company had a net cash inflow from financing activities of \$193,900 for the three months ended January 31, 2017 (January 31, 2016 - \$76,750 inflow).

Investing Activities

The Company had \$nil cash transactions from investing activities for the three months ended January 31, 2017 (January 31, 2016 - \$nil).

Liquidity

The Company had cash and cash equivalents of \$11,317 as at January 31, 2017 (January 31, 2016 - \$8,211). The change in non-cash operating working capital as at January 31, 2017 was a cash outflow of \$116,546 (January 31, 2016 - \$11,568).

Capital Resources

The Company's authorized capital consists of an unlimited number of common and preference shares without par value. At January 31, 2017, the Company had 39,970,816 issued and outstanding common shares (January 31, 2016 – 22,935,781).

RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at January 31, 2017 is \$103,693 (October 31, 2016 - \$103,693) owing to directors and companies controlled by directors of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

As at January 31, 2017 the total loans payable to a former director is \$79,828 (October 31, 2016 - \$79,390). The loans are unsecured and bear interest at rates from 0% - 5% per year. During the period ended January 31, 2017, the loans incurred interest expense of \$438 which is outstanding at period end and is due on demand.

During the period ended January 31, 2017, 300,000 stock options were granted to directors, officers and employees of the Company (October 31, 2016 – 1,600,000). The stock based compensation related to the options issued is \$21,600 (October 31, 2016 – \$18,653).

During the period ended January 31, 2017 key management personnel compensation consisted of services provided by companies owned by directors of \$39,526 (October 31, 2016 - \$67,335) which are classified as consulting fees on the consolidated statement of operations.

COMMITMENTS

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has indemnified the subscribers of current and past flow-through share subscriptions from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

SUBSEQUENT EVENTS

On March 13, 2017, the Company closed its previously announced non-brokered private placement financing with the issuance of 5,743,750 units at \$0.08 per unit for gross proceeds of \$459,500. Each unit consists of one common share and one common share purchase warrant. Each full warrant is exercisable at \$0.12 per common share for a period of 24 months from closing. Prior to the period end, a sum of \$181,400 (net of issuance costs) was advanced to the Corporation as part of the aforementioned private placement. Officers and directors of the Company subscribed for 1,400,000 Units for gross proceeds of \$132,000.

On March 21, 2017, the Company entered a purchase agreement with Cedar Forest LLC to acquire 100-per-cent ownership of the past-producing Kay mine, located in Yavapai county, Arizona, roughly 50 miles north of Phoenix for total consideration of US\$977,000.

Upon execution of the purchase agreement, the Company paid a non-refundable deposit of US\$50,000 to the vendor. The Company will pay US\$450,000 cash to the vendor within 75 days of signing and issue a two-year, 6 per cent convertible debenture for the principal amount of US\$477,000. The interest on the debenture will be paid monthly, and the principal may be converted into common shares of the Company at an exercise price of \$0.225 per common share at any time during the term of the debenture. A finder's fee of 7.5% of the purchase price will be paid in common shares of the Company. This acquisition is subject to exchange acceptance.

FINANCIAL INSTRUMENTS

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, amounts receivable, deposits, prepaid expenses, accounts payable and accrued liabilities on the balance sheets approximate fair value due to their short-term maturity. The fair value of long term debt approximates its carrying value based on current borrowing rates. The fair value of investments is based on quoted market prices.

RISKS AND UNCERTAINTIES

The Company's financial success is dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration and development activities will be successful. The development of mineral resources involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company has no source of financing other than those identified in the section on liquidity, financings and capital resources.

CURRENT MARKET CONDITIONS

The fundamentals for gold and silver have improved and are expected to remain strong for the rest of 2017. Prices dropped significantly in 2013 and were volatile in 2014 although still at reasonable levels historically. The Company is excited about the Pino de Plata silver/gold prospect for this reason. Although the fundamentals for uranium ("U") are strong in the long term, short term demand remains low, negatively impacting the ability to finance development of these assets. No emphasis is being placed on U, REE or base metal exploration at this time although both the U and REE properties offer JV opportunities should prices and demand firm up.

The main claims with uranium potential in the CMB and Mount Benedict properties can be maintained for the next few years without requiring significant exploration expenditures. SSE stands to benefit from its land position in Labrador as Paladin Energy advances development of its "world class" Michelin and Jacques Lake deposits which host approximately 135 M lbs of uranium and as Jet Energy (formerly Crosshair) develops its significant global resource in the CMB at the TT zone. We expect that this will bring renewed attention and investor interest to the area and any Company with assets in this area. The most significant properties can be maintained until prices, and the global economic climate, returns to normal.

OUTLOOK

The Company is currently focusing on mineral projects that can be cash positive in the short to medium term. The Company feels the Pino de Plata and Kay mine projects have potential to meet this objective.

GOING CONCERN

The company has enough capital to maintain itself as a going concern for the next few months, however the Company's ability to continue as a going concern for the rest of 2017 and beyond, is dependent on its ability to raise money in the form of a private or public placement, loans, grants and/or a joint venture on our properties with a partner who would provide the financing for the exploration or a change of business associated with new funding. There is no certainty the Company will be successful in accessing such funding.

FUTURE CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after November 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39").

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried

forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 – Revenue from Contracts with Customers has also been applied.