

GARIBALDI RESOURCES CORP.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

For the year ended January 31, 2018

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of exploration programs, fluctuating commodity prices, the possibility of equipment breakdowns and delays, the availability of necessary exploration equipment including drill rigs, exploration cost overruns, general economic or business conditions, regulatory changes, and the timeliness of government or regulatory approvals to conduct planned exploration work. Additional factors that could cause actual results to differ materially from the Company's plans or expectations include political events, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability on production, the ability to raise sufficient capital to fund exploration or production, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, inability to obtain permits, general volatility in the equity and debt markets, accidents and labor disputes and the availability of qualified personnel.

Although the Company has attempted to identify all of the factors that may affect our forward-looking statements or information, this list of the factors is not exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks and uncertainties detailed throughout this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except where required by applicable securities laws.

DATE AND INTRODUCTION

Garibaldi Resources Corp. (“Garibaldi” or the “Company”) is an exploration stage company. The Company’s business is the acquisition, exploration and evaluation of mineral properties located in British Columbia, Canada and in Sonora, Sinaloa and Chihuahua States, Mexico. The Company’s common shares are listed for trading on the TSX Venture Exchange under the symbol GGI.

This discussion and analysis of financial position, results of operations and cash flows of Garibaldi Resources Corp. for the year ended January 31, 2018 includes information up to and including May 28, 2018 and should be read in conjunction with the Company’s audited consolidated financial statements for the years ended January 31, 2018 and 2017.

The reader is encouraged to review the Company’s statutory filings, including its Annual Information Form, on www.sedar.com and to review other information about the Company on its website at www.garibaldiresources.com.

MINERAL PROPERTIES IN CANADA

E&L Claims

On June 3, 2016, the Company entered into a mineral property option agreement to acquire a 100% interest in four mineral tenements located in the Liard Mining Division of northwest British Columbia comprising 766 hectares and known as the E&L Claims. In order to earn the interest, the Company is required make cash payments totaling \$100,000, issue a total of 1,100,000 common shares and incur exploration expenditures totaling \$375,000 over a four-year option period. The option will be subject to a 2% net smelter return royalty retained by the optionor.

In late 2016, the Company increased the size of its interest in the E&L Claims to 6,477 hectares through three separate purchase agreements on an additional 32 mineral tenures contiguous to the E&L Claims previously optioned by the Company.

With this expansion of the E&L Claims, Garibaldi now controls a major portion of key ground extending 20 kilometres east-west between Colorado Resources' KSP project and Eskay Creek and 20 kilometres north-south from the AltaGas/McClymont Creek access road to the E&L Claims. In total, Garibaldi's landholdings in the district now exceed 200 square kilometres.

The Company has completed 3-D modelling of the E&L Claims based on detailed geophysical surveys which has provided new insights into the morphology and distribution of intrusions and associated magmatic sulphide mineralization on the property. Garibaldi’s E&L exploration team, led by special adviser, Everett Makela, P.Geo., integrated historical data on the E&L Claims with the data obtained by the 3-D modelling of the geophysical data. The compilation and interpretation indicated the potential for the discovery of a large-scale, high-grade magmatic nickel-copper sulfide exploration target within a four-kilometre-long and 1.5-kilometre-wide corridor containing taxitic-textured olivine gabbro intrusion.

E&L Claims – (cont'd)

Field mapping and channel sampling of mineralization from the E&L Claims showing provided compelling evidence that the intrusion is host to significant nickel-copper-cobalt sulphide mineralization with associated precious metals. Moreover, the sulfide mineralization encountered in channel samples had very high nickel tenors. On that basis, the Company proceeded with a full-scale heliborne versatile time-domain electromagnetic (“VTEM”) survey that was able to detect conductive sulphide mineralization at a depth of approximately 300 metres. In addition, airborne geophysics was carried out over the promising Brass Hill area, approximately 2.7 kilometres northeast of the E&L Claims, where sampling in the summer of 2016 returned elevated high zinc values as well as highly anomalous gold and copper.

The complete data from the VTEM survey, together with other 2016 field data, and historical geophysical and geological data compiled by Garibaldi's team of nickel sulphide experts, indicates that the Golden Triangle's only known nickel-copper magmatic massive sulphide system is much larger than originally thought. This data compilation resulted in the identification of significant high priority drill targets.

A Phase 1 diamond drilling program commenced in August of 2017 targeting the VTEM conductor from the west and the east in a scissor pattern to ensure successful evaluation.

Fourteen drill holes for a total of 3,671 metres were completed at the E&L Claims showing on Nickel Mountain. Thirteen of fourteen holes drilled returned broad sections of disseminated to blebby net-textured sulphides (pyrrhotite-pentlandite-chalcopyrite), hosted in olivine gabbro, consistent with a much larger-scale mineralizing event than previously suspected at Nickel Mountain. Geochemical analysis of the drill core indicates a very high metal tenor of the sulphide mineralization.

Drill hole EL-17-14, completed to a depth of 252 metres and collared at 200 metres east of the historic E&L deposit, intersected an important new discovery zone containing massive nickel-copper-rich sulphide mineralization. The hole, guided by the geological interpretation of data from successful earlier holes and Volterra borehole EM technology, entered massive sulphide mineralization at a depth of 123.75 metres and remained in massive sulphides over 16.75 metres within a broader 40.4-metre section of olivine gabbro grading 3.9% nickel and 2.3% copper from 100.4 metres to 140.8 metres (approximate true widths). The 16.75-metre massive sulphide intercept also included 6.4 grams per tonne combined platinum and palladium, 0.19% cobalt, 1.1 grams per tonne gold, and 11.1 grams per tonne silver.

E&L Claims – (cont'd)

Assay results for other drill holes at the E&L occurrence on Nickel Mountain underscore the very well-mineralized disseminated halo of the Nickel Mountain intrusion, with elevated grades of nickel and copper in EL-17-01 through EL-17-04 and each hole generating credits in palladium, platinum, gold, silver and cobalt to go along with high-grade nickel and copper.

- EL-17-01 was drilled away from the historic northwest zone toward the untested east, providing the best platform to collect borehole conductivity data, a survey technique undertaken at surface using a geophysical tool (borehole electromagnetic (“BHEM”)) which is lowered down a completed drill hole after the core is removed. This system is capable of detecting the location and orientation of conductors within the surrounding rock units. The first hole intersected two long core intervals of disseminated sulphide mineralization totaling 176 metres to a depth of 332 metres, containing a 60.5 metre section grading 0.54% nickel and 0.53% copper. Higher grades of copper (0.80%), palladium (1.26 grams per tonne), platinum (0.60 grams per tonne) and gold (0.60 grams per tonne) were intersected over 4.5 metres starting at 279.5 metres within a broad disseminated sulphide zone.
- EL-17-02 intersected broad core intervals of disseminated sulphide mineralization between a depth of 58.5 metres and 190.5 metres. Significant intercepts included 18 metres of 0.69% nickel and 0.80% copper, and 24 metres at 0.56% nickel and 0.65% copper. The hole was drilled toward the east into a previously untested area. Valuable geophysical data were generated from the downhole probe.
- EL-17-03, cut across part of the historic northwest zone, intersected 13.5 metres grading 1.05% nickel and 1.0% copper within a broader core interval of 39 metres containing 0.91% nickel and 0.74% copper beginning at a depth of 42 metres.
- EL-17-04 cut 7.2% nickel, 3.4% copper, 0.82 grams per tonne palladium, 0.78 grams per tonne platinum, 0.40 grams per tonne gold, 10 grams per tonne silver and 0.195% cobalt over 4.8 metres at the bottom of a broader 48.2 metre interval from a depth of 108.4 metres grading 1.1% nickel, 0.69% copper, 0.38 grams per tonne palladium, 0.23 grams per tonne platinum, 0.16 grams per tonne gold, 3.1 grams per tonne silver and 0.032% cobalt.
- EL-17-04 also intersected a second zone of mineralization within a taxitic gabbro featuring 1.08% nickel and 0.68% copper over 12 metres starting at a depth of 189 metres.
- EL-17-08 returning 39.3 metres grading 1.27% nickel and 0.81% copper, starting from 25.7 metres, including 5.85 metres at 5.1% nickel and 2.0% copper.
- EL-17-09 east of the historic E&L deposit discovery zone intersected two separate zones of mineralization including 9.9 metres of massive sulphides containing 7.3% nickel and 3.3% copper within a broader 12-metre section grading 6.2% nickel and 2.9% copper.

Drill core data are consistent with both widening intercepts and increasing grades from west to east toward the discovery zone, and all zones remain open for expansion in all directions, including at depth.

As crews were preparing to drill a fifteenth hole (EL-17-15) toward another conductive target, a severe winter storm enveloped the area and made conditions unsafe. The Company then terminated the 2017 drill program. Two drill rigs and other equipment was winterized at the top of Nickel Mountain.

E&L Claims – (cont'd)

On January 25, 2018, the Company provided the balance of the 2017 drill program results at Nickel Mountain. Highlights included:

- Drill hole EL-17-10 supports the very high tenor and purity of magmatic sulphide mineralization in the discovery zone, returning 8.3% nickel, 4.1% copper, 0.19% cobalt, 4.3 grams per tonne palladium, 1.9 grams per tonne platinum, 1.1 grams per tonne gold and 10.2 grams per tonne silver over 10.3 metres (approximate true width).
- In a significant development that originated from a review of BHEM data through late-time channel 1 readings, the Company identified two unusually strong conductive zones, one directly beneath EL-17-14 and the other south of the northwest zone trending southwest to northeast, interpreted as signatures of potential conductive sulphides over a broad footprint at depth.
- Results from the first 14 drill holes strongly suggest that the discovery zone and the northwest historic zone, 150 metres apart, are the product of an open-system magma conduit following a structural weakness in the country rocks, implying far greater tonnage and grade potential at Nickel Mountain than historical explorers had estimated.

Garibaldi Prepares to Launch 2018 Exploration Program

Preparations have been completed for an aggressive 2018 exploration campaign scheduled to commence in June 2018. Exploration will begin with a geophysics program to further assess two HC plates (“HC1” and “HC2”) and to prioritize drill targets. This will be followed shortly thereafter by a resumption of drilling beginning with EL-18-15.

Data from the BHEM surveys was merged with the results of the 2017 airborne VTEM data and this has resulted in the interpretation of two large highly conductive anomalies (greater than 10,000 siemens) south of the 2017 drilling termed HC1 and HC2.

HC1 trends north-south (approximate 200-metre length) whereas HC2 trends northeast-southwest (approximate 300-metre length). These interpreted conductors are of the type that may represent massive sulphides but can only be evaluated by drilling. Geological analysis suggests the possibility that HC1 connects to the massive sulphide intercept in EL-17-14, which contains 8.3% nickel and 4.2% copper over 16.75 metres (approximate true width) starting at a depth of 123.75 metres.

EL-17-13 was instrumental in identifying both HC1 and HC2. An exploratory hole drilled into the southern lobe of the mapped Nickel Mountain intrusive complex to serve as a platform for BHEM geophysics probing which aided in the interpretation of HC1 and HC2. Visual analysis of drill core in EL-17-13 indicated sections of sparse fine-grained disseminated sulphides, a few select samples of which did not return any significant mineralization.

E&L Claims – (cont'd)

Garibaldi has launched extensive helicopter-borne VTEM and magnetics surveys at the Nickel Mountain and the surrounding claims in its Eskay camp.

The surveys will cover approximately 1,650 line-kilometres of Garibaldi's claim group and nearly triple the size of the 2017 program that returned multiple high-priority conductors, including the one that led to the discovery of nickel-copper-rich massive sulphides east of the historic E&L deposit at Nickel Mountain.

To accelerate the resumption of drilling, and to extend the drilling season as long as possible, Garibaldi has constructed upgraded prefab survival shacks for crews to utilize at the drill sites. Other cost-effective strategies are in the final planning stages and additional crews have filled an expanded 40-person camp.

In support of the 2018 drilling program, which will commence in approximately seven days, state-of-the-art geophysics utilizing HeliSam hybrid ground-air technology is now being carried out over a broad area in all directions surrounding the high-grade discovery zone. This cutting-edge survey being conducted by Discovery Geophysics International (“Discovery”) will provide valuable new information in real time for precise drill hole locations within the HC-1 conductor target area, as drilling steps out initially to the south of EL-17-14.

Discovery owns the exclusive North American rights to HeliSam hybrid ground-air technology which is ideally suited to locate conductors potentially representing massive sulphides in rugged terrain such as the Eskay camp. Discovery will deploy approximately 18 kilometres of heavy gauge, insulated copper wire configured in a number of ground loops for deep and rapid airborne exploration using a helicopter-towed high sensitivity B-field receiver system.

Preliminary results from the newly completed VTEM survey have extended the Nickel Mountain trend of conductors by 3.5 kilometres to the northeast while also revealing multiple new gold-VMS (volcanogenic massive sulphide) target areas on the Palm Springs property, part of Garibaldi's 200-square-kilometre Eskay camp land package.

Nickel Mountain Discovery Draws Industry-Leading Geophysics Company

Industry leader Lamontagne Geophysics Ltd. (“Lamontagne”) is well known for its important contributions to nickel sulphide discoveries through its deep-borehole electromagnetic technology. At Nickel Mountain, Lamontagne will provide follow-up drill hole surveys for Garibaldi's 2018 drill program with its proprietary BHEM tools to complement the Discovery Geophysics International HeliSam survey now under way to detect additional conductive anomalies at Nickel Mountain.

It should be noted that geophysical targets are interpretations subject to limitations on data and modelling. While geophysics has been effective at Nickel Mountain, geophysical targets should only be viewed as guides to drilling and sampling.

Mr. Everett Makela, P.Geo., a Qualified Person as defined by NI-43-01 regulations, has reviewed this MD&A and approved the above technical disclosure concerning the E&L property.

Red Lion

The Company acquired six mineral tenures located in the Omineca Mining Division of British Columbia, known as the Red Lion Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$2,000,000.

The Red Lion property is located in northwest B.C. approximately 67 kilometres southeast of the Kemess mine and adjoins the Kliyul Cu-Au Porphyry project under option to Teck Resources Ltd. Red Lion shows extremely strong Cu-Au stream sediment geochemistry in both government regional geochemical survey responses and follow-up proprietary surveys. Access and infrastructure at Red Lion are excellent with the power line to the Kemess South mine only three kilometres away.

Extensive geophysical and surface sampling programs carried out, combined with compilation and contouring of historical soil sampling results from RL Ridge, have revealed a 10-kilometre-long northwest-southeast-trending mineralized corridor in the prospective Quesnel trough. This large corridor is parallel to the Omineca mining road and power lines to Kemess that strategically pass through the Red Lion claims.

The Red Lion, never previously drilled, was gradually expanded to 75 square kilometres from the original 35 square kilometres acquired by Garibaldi in early 2014. The property is contiguous to the Kliyul project, and drill permits are pending.

Three major target areas along Red Lion corridor include:

- An extensive copper-in-soil anomaly at the RL Ridge target stretches northwest-southeast for 4.2 kilometres and east-west for 400 metres to 800 metres within a broader anomaly up to 1.7 kilometres wide.
- Parallel to the east of this large geochemical anomaly is a 2.4-kilometre-long induced polarization chargeability high, open to the north and south, that continues up slope from the Omineca road. The IP high coincides with anomalous copper-gold rock, soil and stream sediment results along with a magnetic high that is known to be underlain by a diorite to a monzodiorite intrusive in a largely overburden-covered area (RL East target).
- A second chargeability high, 1.8 kilometres long, is located fewer than two kilometres northwest of RL Ridge at the RL West target and also coincides with anomalous copper-gold rock, soil and stream sediment results and a magnetic high underlain by a diorite intrusive.

Significantly, the four chip samples at RL West with the highest measured chargeability were associated with abundant pyrite and assayed the highest grades in gold, copper and cobalt. Those values ranged from 1.07 grams per tonne gold to 37.5 g/t Au, 0.21 per cent copper to 13.6 per cent Cu, and anomalous cobalt to 0.55 per cent Co. Extensive outcropping exists at RL West, and numerous areas have yet to be sampled. The fact that the chargeability high appears to be related to sulphides carrying mineralization is extremely encouraging. The IP chargeability highs at Red Lion are similar to those measured at the adjoining Kliyul property to the south.

Charles Greig, MSc, P.Geo., a Qualified Person as defined by NI-43-01 regulations, has reviewed this MD&A and approved the above technical disclosure concerning the Red Lion property.

Grizzly

The Company acquired the Grizzly claims located in the Sheslay Valley district of north western British Columbia, subject to a 2% net smelter return royalty. The Company has the option at any time to reduce the NSR to 1% for a payment of \$1,000,000 to the vendor.

The Grizzly property is an exciting early stage copper-gold porphyry project located in northwest B.C. in the emerging Sheslay district. Grizzly consists of 286 square kilometres and adjoins Prosper Gold Corp.'s Star project (an advanced porphyry copper-gold prospect) on its western and southern sides. In addition, Grizzly is contiguous to Doubleview Capital Corp.'s Hat property where a new drilling discovery was announced in 2014.

Initial assay results from the first five holes ever drilled by Garibaldi have revealed unique Sheslay district mineral discoveries along a 1.2-km wide portion of Grizzly Central including a potential large-scale deposit in a "Kaketsa multi-element ultramafic". The fertile Kaketsa pluton towers approximately 2.5 km west of the "Ultra 1 Zone" defined by three of the holes.

The discovery of the Ultra 1 Zone supports the theory that a series of "masked" deposits may exist at Grizzly Central which is almost entirely overburden-covered. Garibaldi is the Sheslay district's dominant landholder with seven regional target areas adjacent to gold-copper porphyry deposits on two other properties, 120 km west of the Red Chris mine.

Widely-spaced drill holes GC-15-01, GC-15-03 and GC-15-04 in the Grizzly Central Ultra 1 Zone intersected a very thick, homogeneous ultramafic "black unit", consisting of high-grade magnesium (grades ranging between 21.7% and 23.5% Mg in each hole) and elevated nickel (ranging between 0.11% and 0.15% Ni in each hole). This structure is preceded by consistent, highly elevated scandium at the top of each hole including 54 meters grading 34 g/t in GC-15-03.

All three holes bottomed in the strongly magnetic, fine-grained and intensely altered black unit which was intersected for 206 meters in GC-15-03.

Meanwhile, GC-15-05, collared 650 meters east of GC-15-03, returned consistent, highly elevated scandium in all assayed 3-meter core samples (20 in total) at various depths throughout its 253-meter length. This included a 33-meter section (from 19 meters to 52 meters) grading 34 g/t Sc, while the final 3 meters of the hole returned the highest scandium grade of 39 g/t.

Multiple high-opportunity targets have been identified from Grizzly West to West Kaketsa to Grizzly Central to Grizzly South.

Maps showing location, sampling areas and full results from recent work completed at West Kaketsa and Grizzly West are available on the Garibaldi web site.

Charles Greig, MSc, P.Geo., a Qualified Person as defined by National Instrument 43-01 regulations, has reviewed this MD&A and has approved the above technical disclosure concerning the Grizzly property.

King

The Company acquired a 100% interest in six mineral tenures comprising 1,720 hectares located in the Iskut River area of British Columbia, known as the King property. The property is subject to a net smelter royalty of 2%.

Recognizing the significance of developments rapidly unfolding in a key part of northwest British Columbia's Golden Triangle that hosts the high-grade Valley of the Kings mine slated for production in 2017, Garibaldi has increased its landholdings in this prolific district by nearly 10-fold through the following transactions:

1. Garibaldi executed an option to acquire up to a 95% interest in the 8,070-hectare Palm Springs Property (PSP), a high-grade gold and Eskay Creek-type target located 5 km northwest of the past producing world class Eskay Creek mine and contiguous to Tudor Gold's Eskay North Property;
2. Garibaldi staked an additional 1,770 hectares of claims adjoining the northeast boundary of Barrick Gold's historic Eskay Creek mine;
3. Garibaldi tripled the size of its King Property, immediately north of the past producing high-grade Snip gold mine, by purchasing an additional 17 claims (King South) covering approximately 3,052 hectares contiguous to the southern border of the King. This property now comprises 46 sq. km.

The expansion of the King has divided the project into King North and King South, two adjoining packages, with King South just several km northeast of the past producing Snip mine. Since August 2016, Skeena Resources has been carrying out a successful drill program at Snip in an attempt to define new resources outside of the historical mined areas.

King North, featuring at least three mineralized zones, is more advanced than King South and is permitted for drilling. Limited trenching and sampling carried out by the Company over an area identified in the 1980's at King North supports historical results suggesting a high-grade interval in one North zone trench averaged 295 g/t Ag with 19.4% combined Pb-Zn over 6 meters across the strike of the mineralized zone.

The South zone at King North is also prospective for high-grade silver-lead-zinc mineralization while the Central zone has returned high-grade gold values from historical surface sampling at the Chubby Creek prospect.

Information gathered from last summer's exploration program is being analyzed and an update on the King is expected during 2018.

Mr. Carl Von Einsiedel, P.Geo., a Qualified Person as defined by NI-43-01 regulations, has reviewed this MD&A and approved the above technical disclosure concerning the King property.

Palm Springs

Much of the Palm Springs Property features receding glaciers, exposing previously hidden favorable volcano-sedimentary stratigraphy similar to Eskay Creek. Historic surface sampling by Noranda returned high-grade gold and copper values and revealed unique Eskay Creek-type pathfinder minerals in trenches and outcrops below the Palm Springs showing. Mr. John Buckle, P.Geo., P.Geoph., who has been responsible for the discovery of several mineral deposits, will lead the upcoming exploration effort at Palm Springs.

Sid & Sunrise

On October 5, 2016, the Company entered into a mineral property option agreement to acquire a 100% interest in nine mineral tenures located in the Omenica Mining Division in British Columbia, comprising 2,443.17 hectares known as the SID claims. In order to earn the interest, the Company will be required to issue 2,000,000 common shares of the Company over a four-year period and incur exploration expenditures on the property totaling \$1,000,000 by the end of the four-year option period. The option will be subject to a 2% net smelter royalty retained by the optionor.

Tora Tora

The Tora Tora property was acquired at a nominal cost, subject to a 2% net smelter returns royalty and is located near Princeton, B.C., 25km's north of the producing Copper Mountain mine. The property is largely overburden covered but features a prominent circular-shaped magnetic anomaly, which management believes may be the expression of a buried intrusive body.

Garibaldi is following up on a 2013 aeromagnetic survey of this distinct target located just 2 km west of Sego Resources' 2012 discovery hole (DDH-12-21; 100.4 m of 0.95 per cent Cu, 0.55 g/t Au and 3.5 g/t Ag).

In January 2017, the Company completed the first two drill holes of a phase 1 maiden diamond drilling program at Tora Tora. The holes were collared 250 metres apart and were drilled to depths of nearly 200 metres, deeper and farther north than any of the several historical holes that were completed at Tora Tora 25 years ago. Targets were selected based on coincident geochemical and geophysical anomalies.

Drill core samples were sent to an accredited lab in Vancouver for analysis. Each of the first two test holes intersected propylitic alteration throughout, associated with the outer distal zonation of copper porphyries. The bottom of the second hole, drilled to a depth of 190.5 metres, returned anomalous copper mineralization in a pyrite-dominated sulphide assemblage with minor chalcopyrite occurring in quartz-carbonate veins, blebs and fine-grained disseminations. Garibaldi geologists were encouraged by the extensive new information acquired from this exploratory drilling, which will provide important guidance for the next phase of drilling.

The company staked an additional three claims attached to the northeast corner of the property.

Caribou Copper-Gold

On April 3, 2017, the Company acquired the option to earn a 100% interest in five mineral tenures comprising 1,753 hectares bordering Engold's new copper-gold-silver discovery 20 kilometres northeast of Lac La Hache. The vendor will retain a 2-per-cent net smelter return royalty, of which the Company can purchase half at any time for \$1,500,000.

The underlying prospective rock units and contact zones relating to mineralization at Engold's Lac La Hache property trend northwest-southeast onto Garibaldi's southern block of claims.

Mr. John Buckle, P.Geo., P.Geoph., a Qualified Person as defined by NI-43-01 regulations, has reviewed this MD&A and approved the above technical disclosure concerning the Palm Springs, Sid & Sunrise, Tora Tora and Caribou Copper-Gold properties.

Black Gold

The Company owns, through its 100% owned subsidiary, San Pedro Stone Inc., a granite quarry known as Black Gold which is located 40 kms north of Grand Forks, B.C. There is a quarry permit issued by the B.C. Ministry of Mines as well as a reclamation deposit in place.

Garibaldi's Black Gold claims are potentially suitable for extraction of dimension-stone-quality black granite. Garibaldi's new management group retained this legacy asset after securing an independent assessment indicating that the size of the deposit combined with the unique and attractive appearance of the stone had potential commercial value worthy of further evaluation. The company continues to examine ways to unlock the value of Black Gold.

MINERAL PROPERTIES IN MEXICO

Garibaldi has utilized sophisticated remote sensing technologies to explore for new gold-silver and base metal deposits in the central and northern parts of Mexico's prolific Sierra Madre. The Company currently controls four properties in this region strategically located close to some of the most robust gold and silver mining projects ever discovered in Mexico.

These properties, namely, Rodadero, Iris, Tonichi and Onavas, were acquired because they covered broad areas of virtually unexplored hydrothermal alteration that are strikingly similar to the alteration zones associated with many nearby known deposits. The Company completed a state-of-the-art, fixed wing alteration mapping survey (hyperspectral survey) covering Rodadero, Iris, Tonichi and Onavas. The hyperspectral survey identified multiple high priority target areas at each of these properties.

Another key property for Garibaldi in Mexico is La Patilla. La Patilla is located in the Rosario-Las Rastras Mining District of Sinaloa State south of the Company's other Mexican properties. With gold mineralization at very shallow depths, La Patilla was acquired for its near-term exploitation potential.

Garibaldi has experienced field crews and a dedicated drill rig deployed in Mexico and the Company intends to carry out exploration on the high priority targets.

La Patilla

The Company acquired a 100% interest in the 99 hectare La Patilla property located in the Municipality of El Rosario, State of Sinaloa, Mexico. Should the property be placed in commercial production, the Company will be required to issue 800,000 shares pursuant to the terms of an option agreement and will pay a 3% NSR royalty capped at US\$3,000,000. The NSR may be reduced to 1% at any time upon the payment of \$2,000,000 by the Company to the vendor.

La Patilla was acquired as a potential near-term exploitation project. Several gold-bearing quartz veins and/or breccia bodies at La Patilla have drawn interest from artisanal miners for many years. The property features easy access, relatively flat terrain at low elevations, and is surrounded by excellent infrastructure in an established mining district. Garibaldi has also negotiated a long-term agreement with the local community to allow for any potential future metal extraction on the property by the company.

First-ever diamond drilling at La Patilla returned highly encouraging gold values near-surface including an interval grading 10.4 g/t Au over 8.5 meters in LP-14.

Garibaldi has received excellent metallurgical results for the La Patilla vein system with a gold recovery rate of 95 per cent from a flotation test carried out by the Mexican Geological Survey in Chihuahua City.

The analyzed head grade for the sample (7.9 kilograms) was 17.7 g/t gold. Material was taken from surface exposures in the vein system where previous drilling reported high-grade gold values. Garibaldi cautions that the head grade is not necessarily representative of mineralization at La Patilla in general or, specifically, within the zones, structures or geological features that were sampled for the metallurgical testing.

Iris

The Company acquired a 100% interest in the Iris property located in Chihuahua State, Mexico. The property is subject to a 2% net smelter return royalty. The Company has the right to buy down the net smelter return royalty to 1% by paying US\$1,500,000 to the vendor.

The Iris property has drill-ready targets and is strategically located in the heart of a robust mining and exploration camp in western Chihuahua State. The property is in the area of several recently discovered mines, including Agnico Eagle's Pinos Altos mine and Minera Frisco's Ocampo mine.

Minera Frisco is also actively exploring a land package (the Venus Property) contiguous to the eastern border of Iris, in between Garibaldi's concession and Agnico Eagle's ground which hosts Pinos Altos.

Garibaldi acquired Iris based on an ASTER-SWIR satellite image outlining a distinct silica anomaly and the observation that the regional Ocampo caldera rim that bisects Pinos Altos traverses through the northern portion of Iris. Both Agnico Eagle and Aurico Gold (later acquired by Minera Frisco) purchased Garibaldi's proprietary hyperspectral data of the Ocampo mining district.

Sonora Properties

The Company owns three non-contiguous concession packages in Sonora State, Mexico, known as the Tonichi, Onavas and Rodadero properties. The Company must incur minimum exploration and development expenditures approximating \$75,000 per year to keep the concessions in good standing. The concessions will each be subject to a 1% net smelter return royalty which the Company can purchase at any time for \$1,000,000 each.

Rodadero

The Rodadero property, where the Company made a high-grade discovery in 2014 at the Silver Eagle target, is located approximately 90 kms northwest of Agnico Eagle's La India mine and Alamos Gold's Mulatos mine. The Company has built significantly on the work of the Mexican Department of Mines whose geological maps for Rodadero showed numerous known gold and silver occurrences, placer gold occurrences and more importantly large areas of alteration similar to the alteration zones identified in the Mulatos area. Detailed geological work at Mulatos has demonstrated that the large alteration zones are associated with epithermal systems that formed gold deposits.

The Company has carried out an extensive exploration program at Rodadero to evaluate the mineralized zones located to date. Additional sampling and detailed mapping ahead of reducing the concessions to cover only the significant areas of mineralization was completed. This work resulted in the identification of several important targets. After reduction of the concessions, the mineralized areas were divided into the Rodadero North and Rodadero South areas.

Rodadero North Target Areas

The Company has identified 12 targets at Rodadero North - Silver Eagle, Rambo, El Rey, Dolores, Batuc, La Fortuna, La Colorada, Tarichi, Reales, La Tortuga, La Estrella and Iqualama - through mapping, sampling and the use of the Company's hyperspectral database (see map at www.garibaldiresources.com).

Mapping and broadly-spaced sampling at Silver Eagle has outlined three new mineral horizons surrounding the near-surface, high-grade deposit west and up to 350 meters north of discovery hole SE-14-01. Silver Eagle is a nearly flat lying tabular mineralized body. Significantly, after an extensive review of data, company geologists and technical advisers now believe that the Silver Eagle and Reales targets along the western side of Rodadero are indeed linked as part of a north-northwest trending structural zone extending for at least 2.5 kms.

Meanwhile, a potential new discovery area called Rambo, with the target being high-grade gold, is located approximately 6 km east of the Silver Eagle near-surface deposit, which was defined in 2014 and 2015. Rambo is contiguous to the northern boundary of privately held claims where a small-scale mining operation is extracting both high-grade gold and high-grade silver.

In addition to Silver Eagle and Rambo, 10 other mineralized centers have so far been outlined at Rodadero over nearly 50 sq. kms through mapping, sampling and the use of the company's proprietary hyperspectral database.

Tonichi

The Tonichi property is located approximately 90 kms west of Alamos Gold's Mulatos mine. Tonichi shows gold and silver as well as porphyry copper and porphyry molybdenum occurrences.

The Tonichi concessions host a multitude of mineral prospects within broad zones of intense alteration over many square km. These target areas are being explored for potential drill targets in addition to the Locust "gold in soil" anomaly. The Company completed a trenching and mapping program on the Locust target to develop plans for future drilling. At the same time, the Company continued with the ongoing assessment of multiple targets identified by hyperspectral survey. Garibaldi's hyperspectral remote sensing technology has been a rapid, cost-effective method of identifying the best drill targets throughout this strategic land package.

The Company's drilling efforts were focused on the Locust target in the northern part of Tonichi where the Company was following up on an important mineralized intercept (0.24 g/t gold and 0.16% copper over 104.6 meters) in hole MAR-13-02. Drilling at Locust (2745 meters in 16 widely spaced holes) with the Company's own diamond drill rig outlined a broad envelope of near-surface mineralization that measures at least 5 km along trend and 1-2 km across. The exploration targets are an oxide gold deposit and/or a gold-copper porphyry system.

Onavas

The Onavas property is an extension of Tonichi.

Dr. Craig Gibson, PhD., Certified Professional Geologist, director of the Company and Qualified Person as defined by NI 43-101, has reviewed and approved the technical information on the Mexican properties contained in this MD&A on behalf of the Company.

SELECTED ANNUAL INFORMATION

The following table sets out selected annual financial information for the Company for the years ended:

| | Jan. 31 2018 \$ | Jan. 31 2017 \$ | Jan. 31 2016 \$ |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| Revenues | Nil | Nil | Nil |
| Net and comprehensive loss | (2,128,399) | (436,292) | (1,173,788) |
| Basic and diluted loss per share | (0.03) | (0.01) | (0.02) |
| Total assets | 27,435,336 | 8,925,275 | 8,507,724 |
| Non-current financial liabilities | Nil | Nil | Nil |
| Dividends | Nil | Nil | Nil |

DISCUSSION OF OPERATIONS

The Company recorded a net and comprehensive loss of \$2,128,399 for the year ended January 31, 2018 compared to \$436,292 for the year ended January 31, 2017.

Operating expenses for the year ended January 31, 2018 were \$2,515,379 compared to \$671,407 for the year ended January 31, 2017.

Consulting fees increased by \$97,510 in 2018 while salaries and wages decreased by \$95,119. This was the result of the transition of a full-time employee out of salaries and wages into a consulting role.

Share-based compensation increased by \$1,755,703 in 2018. The Company granted 1,700,000 stock options to directors, officers and consultants during the year and entered into a consulting services agreement under which it was required to issue 300,000 common shares to the service provider.

Shareholder communications increased by \$31,499 in 2018 as the Company increased discretionary spending for corporate communications and an investor relations program.

The Company did not sell any marketable securities in 2018. During the year ended January 31, 2017, the Company sold marketable securities for proceeds of \$212,645 and recorded a gain on sale of \$131,137.

The Company recorded other income of \$389,725 on the settlement of flow-through premium liabilities in 2018 compared to \$91,359 in 2017.

The Company incurred expenditures on exploration and evaluation assets of \$3,145,667 during the year ended January 31, 2018 compared to \$629,545 during the year ended January 31, 2017. The majority of the exploration and evaluation expenditures in 2018 were related to surveying and drilling activities carried out on the Company's E&L property.

SUMMARY OF QUARTERLY RESULTS

The figures for the quarters ended January 31, 2018 and 2017 are derived from the Company's audited annual consolidated financial statements. All other quarterly figures are derived from the Company's unaudited condensed interim consolidated financial statements.

| | Jan. 31 2018 \$ | Oct. 31 2017 \$ | Jul. 31 2017 \$ | Apr. 30 2017 \$ |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Comprehensive loss | (950,219) | (819,088) | (197,893) | (161,199) |
| Basic loss per share | (0.01) | (0.01) | (0.00) | (0.00) |
| Fully diluted loss per share | (0.01) | (0.01) | (0.00) | (0.00) |

| | Jan. 31 2017 \$ | Oct. 31 2016 \$ | Jul. 31 2016 \$ | Apr. 30 2016 \$ |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Comprehensive loss | (151,514) | (134,298) | (103,350) | (47,130) |
| Basic loss per share | (0.00) | (0.00) | (0.00) | (0.00) |
| Fully diluted loss per share | (0.00) | (0.00) | (0.00) | (0.00) |

In the above table, the large variances in quarterly results are due to share-based compensation expense recorded during the quarter. In Q3 2018, the Company granted 1,700,000 stock options with a fair value of \$1,164,703. In Q4 2018, the Company recorded share-based compensation expense of \$591,000 related to a consulting services agreement under which it was required to issue 300,000 common shares to the service provider.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2018, the Company has not advanced its mineral properties to commercial production and has not generated revenue from operations. The Company does not expect to generate revenues in the foreseeable future and expects to continue to incur costs to further explore its mineral properties.

The Company currently estimates that the administration of its corporate affairs will cost in the order of \$200,000 per quarter or \$800,000 per year. As well, some of the Company's property interests have been acquired by way of option agreements which carry ongoing cash and expenditure obligations. In addition, the Company's Mexican properties require the payment of annual property maintenance taxes.

At January 31, 2018, the Company had working capital of \$13,648,689 which the Company believes is sufficient to meet its ongoing commitments and further its exploration programs for at least the next twelve months. The Company has financed its operations and mineral property exploration programs to date primarily through the issuance of common shares. Additional funds may need to be raised in the future through equity financings. The Company has been successful in raising funds in the past to finance operations, however, there is no assurance it will be able to do so in the future.

LIQUIDITY AND CAPITAL RESOURCES – (cont'd)

Financing Activities

Subsequent to January 31, 2018:

- the Company issued 3,896,350 flow-through common shares pursuant to a private placement for gross proceeds of \$13,052,772. A finder's fee of \$150,389 was paid on the private placement.
- the Company issued 851,022 common shares pursuant to the exercise of share purchase warrants for proceeds of \$323,223.
- the Company issued 1,400,000 common shares pursuant to the exercise of stock options for proceeds of \$270,000.

During the Year Ended January 31, 2018:

- the Company issued 4,000,000 flow-through units for gross proceeds of \$720,000 pursuant to a private placement at \$0.18 per unit. Each unit consisted of one flow-through common share and one-half of one share purchase warrant with each full share purchase warrant exercisable into one non-flow-through common share at \$0.25 per share for a period of two years. In connection with this private placement, the Company paid commissions of \$42,000 and filing and legal fees of \$15,490. There was a flow-through premium of \$0.04 per share or \$160,000 which was recorded as a deferred flow-through premium. During the year ended January 31, 2018, the Company recorded other income of \$160,000 in connection with this flow through premium. The difference of \$560,000 between the gross proceeds of \$720,000 and the deferred flow-through premium of \$160,000 was recognized as equity. The Company renounced \$720,000 of exploration expenditures to the investors on December 31, 2017.
- the Company issued 1,430,000 units for gross proceeds of \$200,200 pursuant to a private placement at \$0.14 per unit. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at \$0.20 per share for a period of two years. In connection with this private placement, the Company paid filing and legal fees of \$5,880.
- the Company issued 2,031,998 units for gross proceeds of \$934,719 pursuant to a private placement at \$0.46 per unit. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at \$0.60 per share for a period of two years. In connection with this private placement, the Company paid filing and legal fees of \$13,054.

LIQUIDITY AND CAPITAL RESOURCES – (cont'd)

Financing Activities

During the Year Ended January 31, 2018:

- the Company issued 2,622,500 units for gross proceeds of \$2,150,450 pursuant to a private placement at \$0.82 per unit and 4,184,391 flow-through units for gross proceeds of \$3,849,640 pursuant to a flow-through private placement at \$0.92 per flow-through unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$1.05 per share for a period of two years. Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant with each full share purchase warrant exercisable into one non-flow-through common share at \$1.05 per share for a period of two years. In connection with this private placement, the Company paid commissions of \$257,950 and filing and legal fees of \$35,000. There was a flow-through premium of \$0.10 per share or \$418,440 which was recorded as a deferred flow-through premium. During the year ended January 31, 2018, the Company recorded other income of \$219,377 and the remaining amount of \$199,063 is recorded as a deferred flow-through premium as at January 31, 2018. The difference of \$3,431,200 between the gross proceeds of \$3,849,640 and the deferred flow-through premium of \$418,440 has been recognized as equity. The Company renounced \$3,845,455 of exploration expenditures to the investors on December 31, 2017 of which \$1,945,455 was renounced under the look-back rule.
- the Company issued 3,174,603 units for gross proceeds of \$9,999,999 pursuant to a private placement at \$3.15 per unit. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at \$4.50 per share for a period of two years. In connection with this private placement, the Company paid commissions of \$319,600 and filing and legal fees of \$53,700.
- the Company issued 1,225,000 common shares pursuant to the exercise of stock options for proceeds of \$165,000.
- the Company issued 5,846,654 common shares pursuant to the exercise of share purchase warrants for proceeds of \$1,641,564.

Financing Activities

During the Year Ended January 31, 2017:

- the Company issued 2,333,333 flow-through common shares at \$0.05 per share for gross proceeds of \$350,000 pursuant to a non-brokered private placement. In connection with the private placement, the Company paid commissions of \$22,000 and filing and legal fees of \$9,168. There was a flow-through premium of \$0.005 per share or \$11,667 which was recorded as a deferred flow-through premium. During the year ended January 31, 2018, the Company recorded other income of \$10,348 (2017: \$1,319) in connection with this flow through premium.

TRANSACTIONS BETWEEN RELATED PARTIES

Directors and Officers

At May 28, 2018, the directors of the Company are Steve Regoci, Barrie DiCatri, Greg Burnett, Craig Gibson, Everett Makela and Dr. Raymond Goldie. The officers of the Company are Steve Regoci, Chief Executive Officer and Barrie DiCatri, Chief Financial Officer.

Related party transactions

The Company incurred the following charges by directors of the Company or by companies with directors in common with the Company during the years ended January 31, 2018 and 2017:

| | 2018 | 2017 |
|-------------------------------|---------------------|-------------------|
| Exploration costs capitalized | \$ 120,000 | \$ - |
| Consulting fees | 43,808 | - |
| Management fees | 288,000 | 288,000 |
| Share-based payments | 933,000 | - |
| Wages | - | 80,000 |
| | \$ 1,384,808 | \$ 368,000 |

At January 31, 2018, accounts payable and accrued liabilities included \$256,203 (2017: \$407,550) due to directors of the Company for services provided and for expenses incurred on behalf of the Company.

At January 31, 2018, related party loan payable included \$3,190 (2017: 19,612) due to the Company's Chief Financial Officer.

Key management personnel compensation

The Company considers its Chief Executive Officer, Chief Financial Officer and Mexican Operations Manager to be key management. The Company incurred the following key management compensation charges during the years ended January 31, 2018 and 2017:

| | 2018 | 2017 |
|----------------------|-------------------|-------------------|
| Short-term benefits | \$ 322,000 | \$ 368,000 |
| Share-based payments | 114,000 | - |
| | \$ 436,000 | \$ 368,000 |

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements to report.

FOURTH QUARTER

During the three months ended January 31, 2018, the Company recorded share-based compensation expense of \$591,000 related to a consulting services agreement with a company with a director in common with the Company under which it agreed to issue 300,000 common shares to the service provider. The common shares were valued based on their fair value on the date they became issuable and were recorded as shares to be issued as at January 31, 2018. The shares were issued subsequent to January 31, 2018.

PROPOSED TRANSACTIONS

The Company has no proposed transactions to report.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact any amounts charged to operations for reclamation and remediation. At the periods presented, no reclamation obligation has been incurred. Therefore, no provision has been recorded which represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

CRITICAL ACCOUNTING ESTIMATES – (cont'd)

Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is often determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no new or revised accounting standards scheduled for mandatory adoption on February 1, 2017, and thus no new accounting standards were adopted in fiscal 2018. The Company's significant accounting policies are disclosed in Note 3 to the consolidated financial statements for the years ended January 31, 2018 and 2017.

Accounting standards and amendments that are mandatory for accounting periods beginning on or after February 1, 2018 are disclosed in Note 3 to the consolidated financial statements for the years ended January 31, 2018 and 2017 and are not expected to have a significant effect on the Company's future results and financial position.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company's cash and marketable securities are classified as fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company does not have any assets classified as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments and it is the Company's intention to hold these investments to maturity. They are measured at amortized cost. Held-to-maturity investments are included in non-current assets except for those which are expected to mature within 12 months of the end of the reporting period. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive loss, except for impairment losses and foreign exchange gains and losses. The Company does not have any assets classified as available-for-sale financial assets.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the assets.

Non-derivative financial liabilities (excluding financial guarantees) are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost. The Company's accounts payable and related party loan payable are classified as other financial liabilities.

Regular purchases and sales of financial assets are recognized on the settlement date basis. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

As at January 31, 2018, the Company's financial instruments consist of cash, marketable securities, trade payables and related party loan payable.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financing activities and its holdings of cash and marketable securities. Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at January 31, 2018:

| | Within one year | Between one and five years | More than five years |
|----------------------------|------------------------|---------------------------------------|---------------------------------|
| Trade payables | \$ 882,631 | \$ - | \$ - |
| Related party loan payable | 3,190 | - | - |
| | \$ 885,821 | \$ - | \$ - |

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's Mexican subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Mexican pesos while its functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in Mexican pesos:

| | January 31, 2018 | January 31, 2017 |
|------------------------|---------------------|---------------------|
| Cash | \$ 29,509 | \$ 3,317 |
| Sales taxes receivable | 20,057 | 26,705 |
| Trade payables | (444,860) | (256,229) |
| | \$ (395,294) | \$ (226,207) |

Based on the above net exposure, at January 31, 2018, a 10% change in the exchange rate of the Mexican peso in relation to the Canadian dollar would impact the Company's net income or loss by approximately \$3,000.

The Company is also exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

| | January 31, 2018 | January 31, 2017 |
|------|---------------------|---------------------|
| Cash | \$ 9,965 | \$ 3,960 |

Based on the above net exposure, at January 31, 2018, a 10% change in the exchange rate of the US dollar in relation to the Canadian dollar would impact the Company's net income or loss by approximately \$1,200.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company cash is exposed to interest rate risk. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. All marketable securities are subject to price and market volatility. At January 31, 2018, the Company holds 601 (2017: 601) common shares of Coeur Mining Inc. with a total market value of \$5,944 (2017: \$9,127). These shares are subject to market risk.

Classification of financial instruments

Financial assets included in the consolidated statements of financial position are as follows:

| | January 31, 2018 | January 31, 2017 |
|------------------------------------|---------------------|---------------------|
| Fair value through profit or loss: | | |
| Cash | \$ 14,556,042 | \$ 89,563 |
| Marketable securities | 5,944 | 9,127 |
| | \$ 14,561,986 | \$ 98,690 |

Financial liabilities included in the consolidated statements of financial position are as follows:

| | January 31, 2018 | January 31, 2017 |
|---------------------------------------|---------------------|---------------------|
| Non-derivative financial liabilities: | | |
| Trade payables | \$ 882,631 | \$ 855,125 |
| Related party loan payable | 3,190 | 19,612 |
| | \$ 885,821 | \$ 874,737 |

Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – (cont'd)

The following is an analysis of the Company's financial instruments measured at fair value on a recurring basis as at January 31, 2018 and 2017:

| | January 31, 2018 | | |
|-----------------------|------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Cash | \$ 14,556,042 | \$ - | \$ - |
| Marketable securities | 5,944 | - | - |
| | \$ 14,561,986 | \$ - | \$ - |
| | January 31, 2017 | | |
| | Level 1 | Level 2 | Level 3 |
| Cash | \$ 89,563 | \$ - | \$ - |
| Marketable securities | 9,127 | - | - |
| | \$ 98,690 | \$ - | \$ - |

RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties outlined earlier in this management discussion, the Company is also subject to other risks and uncertainties including the following:

General Risk Associated with the Mining Industry

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Exploration and development activities involve risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk by maintaining a diversified portfolio of properties and a strategy of possible joint ventures with other companies which balances risk while at the same time allowing properties to be advanced.

RISKS AND UNCERTAINTIES – (cont'd)

Dependence on Key Personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and competition for professionals is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

Option Agreements

The Company is currently earning some of its interests in its mineral properties through option agreements and acquisition of title to the property is only completed when the option conditions have been met. These conditions generally include making property payments and incurring exploration expenditures on the properties and can include the completion of pre-feasibility studies. If the Company does not satisfactorily complete its option conditions in the time frame laid out in the option agreement, the Company's title to the mineral property will not vest and the Company will have to write-down the previously capitalized costs related to that property.

Permits and Licences

The operations of the Company will require licences and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can, however, be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations of its projects.

Environmental Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions or various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The Company may become subject to liability for pollutions or hazards against which it cannot insure or again which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

OUTSTANDING SHARE DATA

Number of Issued and Outstanding Common Shares

At May 28, 2018 106,762,976

Share Purchase Warrants

At May 28, 2018, there were 10,341,038 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

| Number of warrants outstanding | Exercise Price | Expiry Date |
|-----------------------------------|----------------|------------------|
| 750,000 | \$0.25 | June 5, 2019 |
| 621,500 | \$0.20 | July 11, 2019 |
| 1,260,260 | \$0.60 | August 16, 2019 |
| 2,140,000 | \$1.05 | October 2, 2019 |
| 2,394,675 | \$1.05 | October 5, 2019 |
| 2,539,683 | \$4.50 | October 20, 2019 |
| 634,920 | \$4.50 | October 31, 2019 |
| <u>10,341,038</u> | | |

Stock Options

At May 28, 2018, there were 3,825,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

| Number of options outstanding | Exercise Price | Expiry Date |
|----------------------------------|----------------|--------------------|
| 325,000 | \$0.20 | February 3, 2019 |
| 1,000,000 | \$0.10 | July 30, 2020 |
| 1,200,000 | \$0.20 | December 24, 2020 |
| 1,100,000 | \$0.50 | August 18, 2022 |
| 200,000 | \$1.50 | September 26, 2022 |
| <u>3,825,000</u> | | |