HIGHBANK RESOURCES LTD.

FORM 51-102F1

Management's Discussion & Analysis
for the 1st Quarter ended
March 31, 2017

#600 – 625 Howe Street
Vancouver, B.C. V6C 2T6

Tel (604) 683-6648 / Fax: (604) 683-1350
Email: highbank@telus.net
Website: www.highbankresources.com

HIGHBANK RESOURCES LTD.

(the "Company")

FORM 51-102F1

Management's Discussion & Analysis
for the 1st Quarter Ended March 31, 2017
(and containing information as of May 30, 2017)

TABLE OF CONTENTS

Page

HIGHBANK RESOURCES LTD.
(the "Company")

FORM 51- 102F1
Management's Discussion & Analysis for three months ended March 31, 2017
(and containing information as of May 30, 2017)

Item 1: INTERIM MD&A AND FORWARD-LOOKING STATEMENTS

Introduction

Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Highbank Resources Ltd.'s (the "Company" or "Highbank") performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the unaudited financial statements and accompanying notes for the quarter-ended March 31, 2017 as well as the comparative unaudited financial statements and the accompanying notes for the quarter-ended March 31, 2016; copies of which are filed on the SEDAR website: www.sedar.com.

The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

Forward-Looking Statements

This MD&A contains "forward-looking information" and "forward-looking statements" which include, but are not limited to, statements or information concerning the future financial or operating performance of Highbank Resources Ltd. and its business. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plan and objective for future operations, and include, without limitation, statements with respect to the anticipated production from the ***Swamp Point North Aggregate Project.*** In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; and government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions; fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompletion of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgments regarding the direction of Highbank Resources Ltd.'s business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements or conform these statements to actual results.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources. This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission do not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

NATURE OF BUSINESS

Highbank Resources Ltd. was incorporated March 17, 1980 under the laws of the Province of British Columbia. The Company is listed on the TSX Venture Exchange as a Tier 2 mining exploration issuer, and is primarily engaged in the development of an aggregate resource property. The shares of the Company trade on the TSX-V under the symbol "**HBK**".

1.1 DATE – May 30, 2017

The following discussion and analysis was approved by the Directors of the Company and should be read in conjunction with the audited Financial Statements for the twelve months ended December 31, 2016 and the accompanying notes thereto.

1.2 OVERALL PERFORMANCE AND DEVELOPMENT

(i) Swamp Point North ("SPN"), Portland Canal, British Columbia

The Company's Swamp Point North aggregate property costs incurred in the period ended December 31, 2016 totaled $171,425**.** Costs have been incurred totaling $10,466,740 (including amortization) in acquiring plant buildings and equipment and mine under development expenditures for the project, and $189,500 in reclamation bonds.

The Company earned its 100% Working Ownership Interest (the "WOI") in 2008 by incurring $150,000 in costs to acquire the Portland Canal Aggregates Corporation ("PCAC") earn-in interest through the payment of advance royalties as required in the agreement, the issuance of 2,000,000 common treasury shares, and the completion of work program expenditures in excess of $1,300,000.

Effective August 22, 2003 (amended February 10, 2005 and December 9, 2005), the Issuer entered into an earn-in agreement (the "Earn-In" Agreement") with PCAC to acquire a WOI of up to 100 percent (100.0%) in PCAC's Swamp Point Gravel Deposit (the "Property) located on the east shore of Portland Canal in northwestern British Columbia.

During the quarter ending September 30, 2005, the Company commenced the first phase work program. Approximately 8,000 lbs. of sample material from test pits over 20 feet deep were extracted from the property and shipped to Levelton Consultants Ltd. ("Levelton") of Richmond for testing. Positive test results were received on the 4-ton bulk sample of material extracted from test pits on the Swamp Point North site. Levelton provides environmental, materials and geotechnical engineering services for development of new projects. All testing was done in compliance with Canadian Standards Association ("CSA") and American Society for Testing and Materials ("ASTM") standards for the evaluation of construction aggregates.

This program was followed by the completion of a 2024 line meters seismic refraction survey by Associated Mining Consultants ("AMCL") of Calgary, Alberta. Preliminary results show that granular materials appear at depth of up to 250 feet, which indicates considerable tonnage of sand and gravel. More specific details can be reviewed on our December 6, 2005 news release. During the last quarter of 2005, Levelton continued its work conducting a simulated crusher test to determine the specifications for the material that meet the requirements for C1 & C2 concrete for the construction industry.

During the months of August and September 2006 the Company completed the following work:

- Site preparation and setup of a temporary Camp for crew accommodation and meals;
- Road building throughout the deposit and preparing sites for drill pads;
- Line cutting for seismic and other geophysics investigation;
- A 10 hole widely spaced (approx. 400 meter) Sonic Drilling program to bedrock;
- An additional 2900 meter Seismic Refraction Survey;
- Complete Airborne and Land property Survey;
- Temporary Docking facilities for float plane and other access; and
- Moving core to an off-site location and core-logging

Testing results confirmed the presence of high quality sand and gravel in approximate ratios of 51% sand and 49% gravel. Additional engineering studies were completed to crosscheck the volume calculations.

Exploration and development work through the remainder of 2007 consisted of the following:

A contract to assist in obtaining the Environmental Impact Assessment work was signed with Micon International of Vancouver and Toronto. This study is a required component of the Development Permit Application for establishment of a commercial extraction operation. Collection of these various data forms the basis for the environmental impact assessment and mitigation planning to design and develop a project that minimizes the environmental impacts, a key goal of the provincial environmental assessment review process.

Associated Geosciences Ltd. ("AGL") of Calgary, Alberta was commissioned by the Company and PCAC to prepare a NI 43-101 Technical Report on the property's mineable sand, gravel, and aggregate resources and determine the optimal mine layout for preparation of a formal Mine Plan. Mr. Keith McCandlish, P.Geo, AGL's Vice President and General Manager, conducted the site visit and is the "Qualified Person" as defined in NI 43-101. G3 Consulting Ltd. conducted submarine investigation of the proposed load out site, water quality studies, fisheries studies and selected bathymetry. A remote sensing meteorological station and continuous hydrology recorders have been installed on site to permit ongoing compilation of weather and surface water databases, and avian studies were conducted by Gartner Lee of Smithers, B.C., followed by wildlife and terrestrial ecosystem mapping.

The AGL resource estimate was determined from aggregate volumes estimated from depth-to bedrock measurements obtained from ten (10) cored boreholes and on the results from 4,664 metres of seismic refraction surveys undertaken by the Company in 2005 and 2006. Geophysicists from Associated Mining Consultants Ltd. of Calgary, Alberta conducted the geophysical surveys and geologists from AGL have examined the core and core logs obtained subsequently.

The volume of aggregate was determined as the volume of material bounded by the topographic ground surface, (a digital terrain model obtained from an aerial photogrammetric survey), and the bedrock contours, determined from the exploration data using the Gemcom Surpac™ suite of modeling applications. Bedrock data was augmented with three additional sets of points:

(1) Field observations and a slope gradient map generated from the topographic data were used to infer the surface limit of the gravel deposit against bedrock topography. This limit was described as a line of points with easting, northings, and, elevations (X, Y, Z co-ordinates) and a resource thickness of zero.
(2) Surface contours in areas determined to have zero aggregate thickness were included in the model as bedrock contours.
(3) The results of offshore dive transects which indicated the presence of aggregate to at least a depth of 5 m along the foreshore were included.

Limits consistent with mining and environmental regulations in British Columbia were applied prior to the resource calculation:

- Material occurring within 30 m of the high water mark (HWM) was eliminated; there is a regulated offset from the HWM for minerals extraction.
- Material occurring within 5 m of the licence boundaries was not included in the estimate as there is a prohibition against working closer than 5 m to the license boundary in the BC mining code.
- Material occurring within a band 15 m on either side of the crest of the banks of Donahue Creek was eliminated; working within these limits is forbidden under BC's environmental code.

The geological modeling and aggregate resource estimation was completed by Susan O'Donnell, Geol.I.T., under the direction of Mr. Keith McCandlish, P.Geo., using the Gemcom-Surpac(TM) suite of geological modeling applications.

Eric Beresford, P.Eng., completed the mine planning, under the direction of Mr. Peter Cain, Ph.D., P.Eng., AGL's Head of Mining Engineering. AGL has relied on aggregate testing results performed by Levelton Consultants of Richmond, B.C. in assessing the quality of the aggregates on the property. This testing was conducted on bulk samples collected by the Company and Portland Canal Aggregates Corporation ("PCAC").

The Industrial Mineral Resource Estimate tables' following provides resource volumes and tonnes for two separate areas, and a third summary table. The separate areas represent the License area held by PCAC and the area (the "extension area") for which an Investigation Permit was issued by the BC government for PCAC:

License Area Resources

Classification	Volume (m3)	Mass (t) *
Measured	13,618,365	29,551,852
Indicated	1,848,388	4,011,002
Measured and Indicated	**15,466,753**	**33,562,854**
Inferred	203,772	442,185

Extension Area Resources

Classification	Volume (m3)	Mass(t)*
Measured	15,384,804	33,385,025
Indicated	2,195,467	4,764,164
Measured and Indicated	**17,580,271**	**38,149,189**
Inferred	831,465	1,804,279

Combined Area Resources

Classification	Volume (m3)	Mass(t)*
Measured	29,003,169	62,936,877
Indicated	4,043,855	8,775,166
Measured and Indicated	**33,047,024**	**71,712,043**
Inferred	1,035,237	2,246,464

* The specific gravity value of 2.17 used to convert volumes to tonnes is the value used by B.C. Government to assess extraction tonnages for royalty revenue purposes.

Material located within 250 m of a drill hole and complemented by geophysical data has been classified as measured, while material located outside the 250 m radius of a drill hole but still within 125 m of a geophysical data point has been classified as indicated. Inferred resources encompass all additional material located outside the optimum range to which the data can reasonably be projected, but within the limits of mining.

Micon, on behalf of the Company and PCAC, commenced the preparation of an Environmental Assessment application ("EAA") and a Mine Permit application ("MPA") to the B.C. Government in anticipation of the startup of aggregate production operations.

The Technical Report summarizing the above information is available on SEDAR. A news release dated November 29, 2007 was disseminated containing the preceding information and was reviewed and approved by Mr. Keith McCandlish, P.Geo. of Associated Geosciences Ltd. , the qualified person under NI 43-101, and by Mr. Peter Cain, Ph.D., P.Eng.

On **March 27, 2008** the Company announced that it had completed its earn-in of a 100% Working Ownership Interest in the Swamp Point North—PCAC property.

On February 21, 2012 the Company announced the appointment of Stan Spletzer, as Vice President of the Aggregate Operations. Mr. Spletzer brings to the Company 30 years of contracting experience. For further details review the news release as filed on SEDAR.

On July 19, 2012 the Company provided the following update. The Company is continuing to address responses from the B.C. Gov't. Ministry of Mines and Lands Dept. in proceeding to obtain the permits to allow site clearing, construction and commence commercial production of an initial 235,000 tonnes per year of aggregates. The primary target market for the aggregates in the next 5-10 years is the Prince Rupert-Kitimat area.

November 5, 2012 the Company announced the signing of a Cooperation Agreement ("CA") with the Metlakatla First Nation and the Metlakatla Development Corporation in the development of the Swamp Point North Aggregate ("SPNA") project and to provide the Metlakatla with the opportunity to participate in the economic benefits arising from the development of SPNA within their traditional territory. The general terms of the CA are further described in the news release and can be viewed on the Company website at www.HighbankResources.com and on SEDAR.

November 26, 2012 the TSX Venture Exchange accepted for filing the above mentioned Cooperation Agreement and warrant issuances.

January 16, 2013 – Highbank Resources Ltd. and Portland Canal Aggregates Corporation announced receipt of acceptance of the Licence of Occupation ("LoO") renewals for both the sand and gravel quarry area, and the barge loading foreshore tenures. The LoO includes acceptance of the Tenure over Crown Land and the Management Plan. The next step is acceptance of the Notice of Work ("NoW") which will allow the Company to commence development and move toward production of the Swamp Point North aggregate deposit.

On April 3, 2013 the company announced receipt of communication from the B.C. Ministry of Energy, Mines and Natural Gas requesting more clarification of some of the information contained in the Notice of Work ("NoW") application and a revision to the mining plan, for its Swamp Point North, Portland Canal aggregate project. The Company has re-commissioned Micon International Limited, to work with our consultants and Management team to revise the NoW application, accordingly.

On **August 6, 2013** the Company provided an update on the Archaeological survey and permitting applications.

Archaeological Preliminary Field Reconnaissance (“PFR”)

On **July 26, 2013** Kleanza Consulting Ltd. (“Kleanza”) of Terrace conducted an archaeological PFR of the Phase 1 development area of Highbank’s proposed Swamp Point North aggregate quarry development (the “Development Area”). Further details of the PFR can be reviewed in the news release as filed on SEDAR and the Company website.

Kleanza reported: “No archaeological materials, features or areas of archaeological potential were identified within the Development Area (“DA”). No further archaeological survey or monitoring work is recommended for the proposed DA, provided Highbank does not significantly amend the DA boundaries”. The notes and map data collected during the PFR will be subject to further analysis, and a letter report will be prepared detailing the results. This letter report will be provided to Highbank Resources Ltd., Metlakatla and Nisga’a First Nations, Archaeology Branch of the Ministry of Forestry, Land, and Natural Resource Operations, and the Ministry of Energy and Mines (“MEM”).

Mine and Management Plan

DMT Geosciences Ltd. (formerly Associated GeoSciences), with the assistance of Mr. Eric Beresford, P.Eng. has now provided Highbank with a revised mine and management plan. The text and maps/drawings encompasses the scope of work discussed and addresses the concerns raised by MEM. Micon International Limited is reviewing and compiling all the data preparing the revised Notice of Work (“NoW”) application for re-submission.

October 8, 2013 - The Company is in receipt of Megatech Engineering Ltd. of Surrey, B.C., Conceptual Engineering Drawings for our Swamp Point barge Load-out Facility.

October 29, 2013 – The Company has submitted its Notice of Work (“NoW”) permit application and documentation.

November 19, 2013 – The Company announces that the application for the expanded tenure area of its Swamp Point North aggregate deposit has been approved by the Ministry of Forests, Lands, and Natural Resource Operations of B.C. This approval more than doubles, and increases the Gravel/Quarry Licence of Occupation (“LoO”) area by an additional 123.19 hectares to a total 174.19 hectares and has the potential to significantly increase the resource.

December 6, 2013 – The Company has received review comments from the MEM. The Regional Director of MEM, Smithers has made a decision in regards to our project, to establish a Mine Development Review Committee (“MDRC”) to meet in early 2014. The MDRC will provide an opportunity for the Company, pertinent regulators and First Nations to gather and discuss requirements of the project as it relates to both federal and provincial regulatory authorities.

February 11, 2014 – the Company has been notified by the MEM office in Smithers that a Mine Development Review Committee (“MDRC”) meeting is scheduled for February 26, 2014 and Highbank is scheduled for presentation of the Swamp Point North mines permit application. See further news dated March 3, 2014 as filed on the Company website and on SEDAR, regarding the progress at the meeting and details of who attended.

March 19, 2014. The Company has received the Notice of Work (“NoW”) Permit approval and a ‘Reclamation Security Request’ for the Swamp Point North Aggregate Project’. Based on the information Highbank has provided as reviewed by the Ministry of Energy and Mines (“MEM”), and referral comments received from other government agencies and First Nations regarding the NoW and Reclamation Program application dated October 31, 2013, the MEM is ready to issue a new *Mines Act* Permit. The Company has already remitted the initial $45,000 reclamation security deposit.

March 24, 2014. Mr. Stan Spletzer –V.P. of Aggregate Operations, accompanied by a representative of Cypress Forest Consultants Ltd. of Terrace, B.C. helicoptered to Swamp Point North site. A merchantable timber assessment was compiled and a report was delivered to Highbank. This assessment will be used to compile our Occupant Licence to Cut ("OLTC") application to the Ministry of Forest, Lands and Natural Resource Operations ("FLNRO").

April 11, 2014. The Company has completed our financial obligation to the MEM and the people of British Columbia with the final payment of a total $189,500 for the reclamation security deposit, as required prior to the Company initialing mobilization to the Swamp Point North project site.

April 22, 2014. The Company received written notice from Fisheries & Oceans Canada, that they have accepted our December 4, 2013, proposal to 'Construct a barge loading facility, comprised of barge moorage, barge mooring dolphins and a pile supported aggregate conveyor, and barge landing ramp on Portland Canal'.

May 26, 2014. The Ministry of Forest, Lands and Nature Resource Operations has completed its review of our application for an Occupant Licence to Cut and Remove Timber ("OLTC") and issued the Licence.

The Company has acquired numerous pieces of equipment including haulage trucks, a D8N Cat bulldozer, a 27 foot boat for moving personnel and supplies, a Wash Plant c/w Cone & Jaw Crusher, and much ancillary equipment.

June 26, 2014. The Company reports the first tug and barge load of equipment and supplies departed from the Port of Prince Rupert travelling north to Swamp Point. For further details of the equipment and other detail, review the news release as filed on SEDAR at www.sedar.com or our website.

July 24, 2014. The Company reports that a second barge load of equipment and supplies has been delivered from the Port of Prince Rupert. Stan Spletzer, V.P. of Aggregate Operations and his Solid Holdings Ltd. crew have been working aggressively on refurbishing the existing camp trailers, setting up the additional Atco trailer (containing dry room, showers, washrooms and laundry); rebuilding the service roadways from the foreshore to the camp and plant site; repairing and upgrading the crew boat landing dock; and other site clearing.

July 24, 2014. Further to the receipt of our **'*Mines Act*' Permit dated March 19, 2014** the Company has submitted to the Ministry of Energy and Mines ("MEM") the various 'special conditions' and other pertinent permit approvals which are an integral part of the permit. For further details of this documentation and other permits, review our news release as filed on SEDAR and the company website.

August 20, 2014. The Company announces that a contract has been finalized with Foresight Innovations Ltd. ("Foresight") of Victoria, B.C. Foresight has been contracted to drive the pilings and complete the infrastructure for the Company's barge load-out facility at Swamp Point North ("SPN"). Further details of the accomplishments of Foresight and details of the SPN contract can be reviewed in our news release as filed on SEDAR and the Company website.

September 4, 2014. The Company announced receipt of our *Mines Act* Permit which authorizes sand and gravel (aggregate) extraction activities as detailed in the NoW dated October 31, 2013.

September 23, 2014. Pilings were received at SPN. Over one-half of the pilings required for the barge load-out facility were installed by September 30, 2014. Installation of the barge load-out conveyor has commenced.

October 6, 2014. The piling work for the barge load-out and conveyor system is now complete. A total of 24 pilings have been installed with excellent penetration in compacted gravel to average depths of 55 - 65 feet.

November 6, 2014. The Company's crews have moved the wash/screening plant and cone crusher to their final operational location on the SPN deposit. Further details and an update on the SPN site development can be reviewed in the news release of October 6th and November 6th, 2014 as filed on www.SEDAR.com and as filed on the Company's website.

February 19, 2015. A crew at SPN has recently returned to the site and is active clearing snow, upgrading and maintaining roads, and logging/clearing further quarry area for stockpiles. Khtada Environmental Services LP monitoring personnel were on site last week taking samples in compliance with our *Mines Act* Permit.

April 14, 2015. Another Major Milestone has been Reached. Our director- Jim Place, P.Geo. was on the SPN site for the commissioning of the wash plant, cone crusher, jaw crusher and stacking conveyor systems. For further details of this milestone you can review the news release as filed on www.SEDAR.com or the Company website at www.HighbankResources.com as well as links to the production video.

May 4, 2015. Highbank announces the delivery of its 1st commercial shipment of aggregates to the Port of Prince Rupert ("Port") and Port construction. For further information review the news release as filed on SEDAR or the Company website.

May 5, 2015. Highbank announces the completion of a positive NI 43-101 Technical Report on a Preliminary Economic Assessment (the "PEA") of Highbank's Swamp Point North Aggregate Project. Highlights of the PEA include a net present value of Cdn. $24.3 million after tax, discounted at 8% p.a. The base case cash flows for years 1-3 from the PEA were summarized along with other details. For further information review the news release as filed on SEDAR or the Company website. The complete PEA can also be reviewed on SEDAR at www.SEDAR.com

June 18, 2015. The Company reports that a tug and barge were leaving from the Port of Prince Rupert to SPN. The barge manifest lists two larger 350 Komatsu excavators and spare parts, fleeting barge loading system (winch and controls), diesel fuel, additional spare parts for other equipment, and general camp supplies to operate the site over the next few months. Further site development will continue, as well as the production and stockpiling of various sizes of construction aggregates in preparation for shipping.

August 13, 2015. The Company reports: Barge No. 8 is set to arrive at SPN today, carrying fuel, the repaired Company Link-belt 290LX excavator and hydraulic oil for commissioning the fleeting system (winching system for moving barges during loading). Re-evaluation of the logging permit indicates we can expand 2 ha to the north which opens up higher quality gravel (less fines). In addition, a Licence to Cut application is being considered for another 18 ha within our Licence of Occupation. The Company excavator will be dedicated to ditch construction and culvert installation to further improve operations during the fall and winter. Discussions are underway with various Prince Rupert companies to facilitate stockpiling of aggregate to ensure continuity of supply for any major projects forthcoming.

On May 17, 2016 the Company announced it has entered into Non-Disclosure Agreements (NDA's) with a joint venture group made up of a First Nation organization and a diversified Canadian construction company (the "other participants"); with regards to an operations and distribution (processing, shipping, and sales) project. The proposed project would see aggregates from the Swamp Point North property being supplied to various sites and projects in Western North America involving shipments from the property through the Port of Prince Rupert.

July 8, 2016 – Further to our news release of May 17, 2016 announcing the non-disclosure agreement, the Company continues to work with the potential purchase on conditions of the sale of Highbank's interest in the Swamp Point North aggregate project. The Company has received a Letter of Intent and efforts to close the transaction continue. The Company anticipates receiving an 'Offer to Purchase' proposal in the near future.

March 2, 2017 – The Company announced that it has made an arrangement with a Canadian aggregate marketing company ("AMC") that has agreed to provide marketing and customer service for the Swamp Point North ("SPN") project. Further details of the arrangement can be reviewed in the news release as filed on www.SEDAR.com

March 22, 2017 – The Company announced it has received approvals from the Ministry of Forests, Lands and Natural Resources Operations ("FLNRO"), British Columbia to renew the current Licences of Occupation for the SPN properties and foreshore (load-out area). Renewals will be for an additional fifteen (15) years from March 5, 2017.

(ii) Mace-Murvey, Ireland

On **May 9, 2008** the Company announced it has entered into a Letter of Intent ("LOI") to acquire a 100% interest in the Murvey and Mace molybdenum ("Moly") Prospecting Licenses ("Licenses") located in the County of Galway, Republic of Ireland. Terms of the LOI include the issuance of a total of 2.0 million common treasury shares in stages, with the first 500,000 shares at a deemed price of $0.20 to be issued within five (5) days of TSX Venture Exchange (the "Exchange") approval, and a total of $250,000 in staged cash payments. Highbank had also agreed to expend up to $500,000 in exploration and development expenditures on the Licenses, to be completed within one year of Exchange approval.

On **May 15, 2008 (and amended June 24, 2008**) the Company entered into a formal Property Option agreement.

On **July 19, 2012** the Company has agreed to transfer its 100% interest in the Ireland properties to MOAG Copper Gold Resources Ltd. ("MOAG") and retain a 1% NSR, with a ½% buyback by MOAG for $500,000.

On December 31, 2012 the Company resolved that impairment has occurred and the property interest has been written down to a nominal value of $1.

(iii) Highland Valley, British Columbia

On **December 8, 2009,** the Company entered into a Property Option Agreement to acquire a 50% interest from MOAG Copper Gold Resources Ltd. ("MOAG") in the Highland Valley Property, located in the Kamloops Mining Division of British Columbia (the "HV Property"). The HV Property is located about seven kilometers southeast of the Highmont mine, and four kilometers north of the former Craigmont mine. It has an area of 9400 hectares (36 square miles).

The terms of the agreement include the issuance of a total of 20 million common treasury shares of the Company, staged cash payments totaling $250,000 (paid $50,000), and expend up to $1,000,000 in exploration and development within three years of Exchange approval. The 20 million common shares of the Company issued to MOAG will be subject to escrow restrictions imposed by the Exchange. The transaction with MOAG is a "related party transaction" under MI 61-101 and Exchange Policy 5.9, as Bradley L. Jones is a director of the Company and an insider of MOAG. See Section 1.9 (f) following for further details.

On **February 8, 2011** the Company announced that the TSX Venture Exchange approved the agreement with MOAG to acquire a 50% interest in the Highland Valley Property (the "HV Property").

On **February 14, 2011** the Company announced the terms of the share issuances as per the terms of the agreement with MOAG re the HV Property option and the issuance of 20 million shares to MOAG subject to escrow restriction releases as follows:

Release Date	% of Total Escrow Securities to be Released	Total Number of Escrow Securities to be Released
Feb.8/11	5%	1,000,000 (released)
Aug.8/11	5%	1,000,000 (released)
Feb.8/12	10%	2,000,000 (released)
Aug.8/12	10%	2,000,000 (released)
Feb.8/13	15%	3,000,000 (cancelled)
Aug.8/13	15%	3,000,000 (cancelled)
Feb.8/14	40%	8,000,000 (cancelled)
Total	100%	20,000,000

On February 13, 2012 the Company announced commencing drill core logging and sampling from the 1st phase diamond drilling program (1547 meters) that was completed on the Chataway Creek area of the Chat Block, Highland Valley property. For further details review the news release as filed on SEDAR.

On February 27, 2012 the Company reports that the drill core logging and sampling was completed and a total of 159 core samples were compiled and shipped to AGAT Laboratories, Western Canada Geochem Operations in Burnaby, B. C. for processing before being forwarded for assaying.

On April 30, 2012 the Company reported the discovery of a new copper zone and drilling results from the 1st phase drilling program conducted on the Chataway Lake area. Further results can be reviewed in the news release as filed on SEDAR and the Company website.

On July 19, 2012 the Company provided the following update. To eliminate any further cash requirements for the Highland Valley property, the Company has negotiated an amendment of the agreement with MOAG to eliminate the $200,000 in cash payments and $412,000 in exploration commitments required, and still earns its 50% interest, subject to other terms of the December 8, 2009 agreement remaining.

On December 6, 2012 the Company terminated its option with MOAG to acquire an interest in the Highland Valley property.

On December 11, 2012 the Company made application to the TSX Venture Exchange. Pursuant to the agreement dated December 9, 2009, and amendments following, an aggregate of 20,000,000 shares were subject to escrow release restrictions. To date, 6,000,000 shares had been released leaving 14,000,000 shares in escrow. The Company requested the remaining 14,000,000 escrow shares be returned to treasury.

On December 31, 2012 the Company resolved that impairment has occurred and the property interest has been written down to a nominal value of $1.

January 7, 2013 – The Company delivered a Direction to Return Shares to Treasury order to its transfer agent to cancel and return to treasury the 14,000,000 common shares issued to MOAG with respect to the Highland Valley agreement. On March 8, 2013 the Company again received a demand from MOAG for the return of the 14 million escrow shares cancelled on January 7, 2013. The Company believes that the option agreement on the Highland Valley property was validly terminated and the

Company was within its rights to cancel the remaining escrow shares. The Company intends to defend its action in this matter if required.

January 14, 2013 – Further to our news release dated December 10, 2012 the Company received confirmation from its transfer agent that the 14 million escrow common shares have been cancelled and returned to treasury as a result of the termination of its option with MOAG.

December 2, 2013 – The Company received a Notice of Civil Claim (the "Claim") in the B.C. Supreme Court from MOAG claiming losses as a result of the Company cancelling the balance of 14 million treasury shares in escrow, general damages, and interest on those general damages. As stated previously, Highbank believes that the option agreement was validly terminated and that Highbank was within its rights to cancel the remaining escrow shares. Highbank intends to defend its action in this matter, and pursue every remedy available for what we believe to be a frivolous legal claim.

On January 17, 2014 the Company filed a Response to the Civil Claim received from MOAG.

May 30, 2014. The hearing of the summary trial application filed by MOAG's counsel and originally scheduled to be heard on June 3, 2014, has been adjourned at the request of counsel of MOAG. The hearing has now been adjourned, by consent, to June 25, 2014.

June 24, 2014. Highbank has filed a counterclaim against MOAG and its directors, Bradley L. Jones and Gary Brown; alleging breach of contract and fiduciary duties and seeks the return of the 6 million Highbank common shares released to MOAG; accounting for the profits from the sale of the 6 million shares, interest, costs of the action, and other damages.

The summary trial application filed by MOAG's counsel did not proceed on June 25, 2014 and has been postponed indefinitely. The Company is unable to determine the outcome at this time as the matter is still before the Courts.

(iv) <u>Other</u>

On November 26, 2013 the Company joined as an **Associate Member of the BC Stone, Sand and Gravel Association ("BCSSGA").**

March 5, 2014. The Board of Directors (the "Board") has approved the adoption of an **'Advance Notice Policy',** which includes introducing an advance notice requirement in connection with shareholders intending to nominate directors in certain circumstances. For further details regarding the Policy review the news release as filed on our website and SEDAR at www.sedar.com

July 16, 2014. The Company announced the retirement and resignation of Jake Bottay as a Director of Highbank Resources Ltd. –Board of Directors.

August 11, 2014. The Company announced the appointment of Mr. William (Bill) Loucks, CPA, CA, CFP, to the Board of Directors. Further details of Mr. Loucks history, education and accomplishments can be reviewed in our news release as filed on SEDAR and the company website.

February 16, 2015. As a result of a review by the British Columbia Securities Commission ("BCSC") the Company advises investors that certain disclosures made in its news release of October 14, 2014, website, corporate presentations, investor relations information hand-outs provided at the VRIC and videos pertaining to the Swamp Point aggregate project (the "Project") were not in accordance with National Instrument 43-101 regulations ("NI 43-101") and the Company wishes to retract, restate, and clarify such disclosure. The Company:

- retracts statements and analyses regarding pre-tax profit, production economics, which could have been mistaken for a preliminary economic assessment ("PEA") or as qualifying an initial mineral reserve estimate. The company clarifies that it has no PEA or mining study suitable for public disclosure;

- advises that while the Company has made the decision to put the Project into production, it is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability and there may exist increased uncertainty, economic, and technical risk of failure associated with such production decision;

- retracts the use of any reference to gross in-situ aggregate values of the Project, including the value of "$2 billion" The Company clarifies that it has not done a pre-feasibility study necessary to qualify an initial reserve;

- clarifies the disclosure of its resource in the Project as previously detailed in the preceding section 1.2 OVERALL PERFORMANCE AND DEVELOPMENT (i) Swamp Point North, Portland Canal, British Columbia. Furthermore, the property had been designated as traditional Nisga'a land; however, this is under discussion as the Metlakatla are also claiming rights to area. Highbank has a cooperative agreement with the Metlakatla and a verbal commitment to employ Nisga'a First Nations which has already been enacted as the property is being developed.

The B.C. Ministry of Energy & Mines- Mines & Mineral Resources Division have approved the extraction of up to one million tonnes of aggregate, the associated mine plan and environmental requirements pertaining to the operation. Since the operation is in Canada there are no conceivable political risks associated with the operation. Also with the First Nations agreements in place, no socio-economic difficulties are anticipated.

An established engineering company has been retained to complete a preliminary economic assessment, the findings of which will be posted on SEDAR and public announcements made disclosing the report contents as required. The Company further wishes to clarify that all non-compliant information has been either removed or will be rectified.

The disclosure of the technical information contained in this news release has been reviewed and approved by Peter Cain, Ph.D., P.Eng., who is a Qualified Person as defined under NI 43-101.

March 11, 2015. Further to our news release of February 16, 2015, the Company reports that our website has been updated and reopened to the public.

October 14-16, 2015 – The Company exhibited at the 2015 International LNG in B.C. Conference held at the Vancouver Convention Centre.

October 30, 2015 – Victor N. Bryant retires; Jim Place, P. Geo. appointed as CEO/President
Highbank announces the retirement of Victor N. Bryant as CEO/President of the Company. Victor (Vic) Bryant has served on the Board of Directors since 2002 and Highbank was particularly fortunate in having Vic available to bring the Company from a development project in 2012 to a fully operational plant, which suited his skill set completely. Vic will remain on the board of directors and is appointed Chairman of the Board.

Jim Place was appointed as CEO/President. Jim Place has been a director of Highbank since April 2013. For further details of his qualifications and experience please review the full news release dated November 1, 2015 as filed on the Company website and on SEDAR.

January 22, 2016 – The Company has signed a MOU to permit the Company to complete due diligence on a more than 1,000 ha potential aggregate property on Vancouver Island. For further details on this news release review our website or SEDAR.

On April 26, 2016 the Company announced the appointment of Mr. Ivan Scott, P.Eng. to the Board of Directors. Mr. Scott, of Surrey, B.C., is a Professional Engineer, with over 35 years in the construction and construction-related businesses (general contracting; materials; engineering; and manufacturing). For further details of his appointment you can review the news release as filed on SEDAR and on our website at www.HighbankResources.com

On May 10, 2016 the Company announced a newly appointed advisory board member. Mr. Hans Smit, of Telkwa, B.C. is a Professional Geologist, and a mineral industry consultant with years of experience in all aspects of the mineral industry from grassroots exploration through to mine feasibility studies, environmental permitting and corporate development. Further details of his experience can be reviewed in the news release as filed on SEDAR and on our website at www.HighbankResources.com

July 11, 2016 – The Company announces the results of the Annual General Meeting of Shareholders. Mr. Gary Musil, Corporate Secretary/Directors reports:

The Annual General Meeting of Highbank Resources Ltd. was held on July 11, 2016. At the meeting the shareholders re-elected James H. Place, Gary Musil, Victor N. Bryant, Luard J. Manning, William J. Loucks, and newly elected Ivan Scott for the upcoming year. The scrutineer reported that there were a total of 17 shareholders holding 7,924,061 common shares represented in person or by proxy at the meeting. This represents 6.7% of the total 117,682,954 shares issued and outstanding at record date.

On a show of hands, the Chairman declared that the shareholders ratified the election of directors for all nominees listed below, to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.

Directors	Votes for	Percent	Votes Withheld	Percent
James H. Place	7,101,511	99.21%	56,550	0.79%
Gary Musil	7,101,511	99.21%	56,550	0.79%
Victor N. Bryant	7,101,511	99.21%	56,550	0.79%
Luard J. Manning	7,153,011	99.93%	5,050	0.07%
William J. Loucks	7,153,011	99.93%	5,050	0.07%
Ivan Scott	7,153,011	99.93%	5,050	0.07%

Shareholders approved, subject to acceptance by the TSX Venture Exchange, the Company's Incentive Stock Option Plan. Shareholders also approved the re-appointment of Crowe MacKay LLP, Chartered Accountants as auditors for the ensuing year, and authorized the Directors to fix their remuneration.

Other resolutions submitted by management to shareholders for consideration were approved as presented; including the ratifying of the Company's Advance Notice Policy ("ANP") as attached to the Information Circular as Schedule "C". In order for the ANP to remain in effect, the ANP must be ratified, confirmed and approved at each subsequent annual general meeting.

At the Directors Meeting following; the directors appointed James H. Place as President/Chief Executive Officer, and Gary Musil as Corporate Secretary/Chief Financial Officer. The Audit Committee appointees are: Gary Musil, William (Bill) J. Loucks, and Ivan Scott.

July 20, 2016 - The TSX Venture Exchange (the "Exchange") has accepted for filing the Company's annual renewal of its Rolling 10% Stock Option Plan (the "Plan"), which was approved by the Company's shareholders at the AGM that was held on July 11, 2016.

See Subsequent Events following Section 1.14 –C (ii)

1.3 SELECTED ANNUAL INFORMATION

		Year-Ended Dec.31, 2016	Year-Ended Dec. 31, 2015	Year-Ended Dec.31, 2014
a.	Net Sales or Total Revenues	**$Nil**	$Nil	$Nil
b.	Income or (Loss) before Other Items[(i)]	**($437,591)**	($850,738)	($1,050,580)
c.	Net and Comprehensive Income or (Loss) [(ii)]	**($1,123,514)**	($1,453,920)	($1,477,145)
d.	Net Income or (Loss) per fully diluted share basis	**($0.01)**	($0.01)	($0.02)
e.	Total Assets	**$10,689,924**	$10,499,281	$9,186,202
f.	Total long-term financial Liabilities	**$94,750**	$4,595,134	$3,563,021
g.	Cash dividends declared per share	**Nil**	$Nil	$Nil

i. Items accounted for at year-end now included in (Losses) before Other Items are:

- **At December 31, 2016 recorded stock-based compensation expense of $65,939 (a non-cash item);**
- At December 31, 2015 recorded stock-based compensation expense of $104,574 (a non-cash item); Travel & Promotion expenses of $232,236; Environmental remediation accrued expense of $185,404
- At December 31, 2014 recorded stock-based compensation expense of $302,418 (a non-cash item);

ii Items accounted for at year-end included in (Loss) as Other Items are:

- **At December 31, 2016 recorded a gain on debt settlement of $105,180; interest on Convertible Debentures, Promissory Notes, and Production loans of $791,569 and gain of $466.**
- At December 31, 2015 recorded Interest on Convertible Debentures, Promissory Notes, and Production loans of $603,182.
- At December 31, 2014 recorded a Loss on debt settlement of $137,115; and Interest on Convertible Debentures and Promissory Notes of $289,916.

1.4 DISCUSSION OF OPERATIONS UP TO AND INCLUDING THE 1st QUARTER ENDED MARCH 31, 2017

The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation. A significant part of the Company's value is in Resource Property Interests relating to the Swamp Point aggregate project.

The Company's Swamp Point aggregate project is currently not in production.

Material Expenditures:

For the three months ended March 31, 2017, the Company reported in its Statement of Comprehensive Loss a net comprehensive loss including other items of ($243,577) compared to a net comprehensive loss of ($351,988) for the three months ended March 31, 2016. Total Operating Expenses before Other Items decreased by $44,115 (32.91%) for the three months ended March 31, 2017 compared to the three months ended March 31, 2016.

Increases in the year: Interest and bank charges ($8,121 in 2017; $1,691 in 2016) increased largely due to interest charges on overdue invoices. Professional fees of $12,185 ($10,914 in 2016) increased as a result of preparing the legal documentation for the shares for debt interest payments on the convertible debentures. Loan bonus shares were $12,690 in 2017 ($Nil in 2016) as a result of the bonus shares issued for the promissory note/loans in December 2016 and February 2017. Other items: The Company recognized a gain on debt settlement of $37,000 ($Nil in 2016) arising from the fair market valuation of the shares issued.

Decreases were recorded in: Management Fees with Wages & Salaries $37,157 in 2017 ($42,895 in 2016) decreased as a result of termination of an office administrative assistant. Office Supplies and expenses combined with Rent ($10,628 in 2017; $10,906 in 2016) also a marginal decrease. Regulatory and transfer agent fees of ($7,884 in 2017; $8,514 in 2016) decreased as a result of less filing fees and fewer share issuances. Travel, Promotion/Shareholder Information combined decreased ($1,187 in 2017; $6,138 in 2016). The Company exhibited in early 2016, however did not present in 2017. No accrual for investor relations fees were made during 2017 as the Company terminated the agreement with 360 Aviation Services Inc. on December 31, 2015. Due to poor market conditions, resulting in cost cutting measures, the Company has not negotiated terms to continue the agreement at this time. Share-based payment expense, a non-cash item decreased ($Nil in 2017; $52,895 in 2016) as there were stock options grants to consultants and directors in February 2016. Other Items: The Company recorded interest on promissory notes and convertible debentures of $190,663 in 2017 ($218,425 in 2016), a decrease resulting from full accretion of the production loan in fiscal 2016.

1.5 SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters:

For the Quarterly Periods Ending on	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**
Total Revenues	**$Nil**	$Nil	$Nil	$Nil
Net Loss before Other Items	**($89,914)**	($105,692)	($81,121)	($116,749)
Total Comprehensive Net Loss	**(243,577)**	**($302,599)	***($246,771)	****($222,156)
Basic and diluted loss per share	**($0.00)**	($0.00)	($0.00)	($0.00)

For the Quarterly Periods Ending on	**March 31, 2016**	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**
Total Revenues	$Nil	$Nil	$Nil	$Nil
Net Loss before Other Items	($134,029)	($379,520)	($146,594)	($158,859)
Total Comprehensive Net Loss	*($351,988)	**($587,396)	***($279,979)	****($290,760)
Basic and diluted loss per share	($0.00)	($0.01)	($0.00)	($0.00)

***At March 31, 2017 compared to March 31, 2016 the major decreases were in interest on promissory notes, convertible debenture and production loan ($190,663 in 2017; $218,425 in 2016) and share based payment ($Nil in 2017; $52,895 in 2016). The major increases were in interest and bank charges ($8,121 in 2017; $1,691 in 2016) and gain on debt settlement ($37,000 in 2017; $Nil in 2016).**

****At December 31, 2016** compared to December 31, 2015 the major decreases were in Environmental remediation ($Nil in 2016; $185,404 in 2015) and Travel & Promotion ($2,689 in 2016; $67,211 in 2015). The major increases were in bank and interest charges ($14,029 in 2016; $3,104 in 2015) and gain on debt settlement ($105,180 in 2016; $nil in 2015).

*****At September 30, 2016** compared to September 30, 2015 the major decrease was in Travel & Promotion ($6,203 in 2016; $40,783 in 2015). The major increase was in interest on promissory notes and convertible debentures ($165,650 in 2016; $133,385 in 2015) for the comparative three month period.

******At June 30, 2016** compared to June 30, 2015 the major decrease was in Travel & Promotion ($10,950 in 2016; $46,417 in 2015). The major increase was in Interest on promissory notes and convertible debentures ($222,156 in 2016; $131,901 in 2015) for the comparative three month period.

1.6 LIQUIDITY:

At December 31, 2016 the Company has a working capital deficiency of $6,567,935. At March 31, 2017 the Company had a working capital deficiency of $6,504,537.

The Company is investigating other financing avenues and expects to increase working capital to continue administrative operations and to complete prepare for production development work on its Swamp Point North project. A portion of the current liabilities ($285,490) is due to related parties.

1.7 CAPITAL RESOURCES:

The Company's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company obtains financing by the issuance of share capital or from the disposition of its mineral prospects. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing in the near future may result in the delay of further development of the Swamp Point aggregate project.

(a) During the 1st Quarter ended March 31, 2017 the Company completed the following:

(i) March 6, 2017 – The Company issued 282,000 common shares valued at $12,690 as loan bonus shares as part of a financing fee for the promissory notes totaling $70,500 received. The shares are restricted from trading until July 7, 2017.

(ii) March 21, 2017 – The Company issued 7,400,000 common shares to settle $370,000 in Convertible Debenture interest accruals with certain debenture holders who agreed to take shares for debt up to December 31, 2016. The shares will be subject to a statutory hold period and restricted from trading until July 22, 2017.

Commitments

(i) The Company has no further commitments for capital expenditures (including exploration and development) on the Swamp Point aggregate project. It has earned its 100% Working Ownership Interest in the project, and can develop the project at its own pace.

(ii) The Company has no further commitments for capital expenditures (including exploration and development) on the Mace-Murvey, Ireland properties.

(iii) On December 6, 2012 the Company terminated its option agreement with MOAG to acquire an interest in the Highland Valley project. The Company has neither further exploration commitments nor cash payments relating to the Highland Valley project.

See Subsequent Events following Section 1.14 –C (iii)

1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no long-term debt other than the convertible debentures, does not have any used lines of credit or other arrangements in place to borrow funds, and has no undisclosed off-Balance Sheet Arrangements.

1.9 TRANSACTIONS BETWEEN RELATED PARTIES

a. Management fees of **$22,500** were incurred with a company controlled by the President of the

Company, (2016 - $22,500).

November 1, 2015 – The Company entered into a Management Agreement with Geomorph Consulting (Jim Place). Details of the agreement include the following:

On November 1, 2015 the Company entered into a Management Agreement (the "Agreement") with Geomorph Consulting, and James Place (the "Consultant") whereby the Company has agreed to pay a monthly fee of $7,500 per month, plus applicable taxes (the "Fees") with a term of twenty-four months. The Company will also reimburse the Consultant for all reasonable business, travel, hotel, entertainment and other out-of-pocket expenses which are incurred by the Consultant in the provision of his services. A termination clause has been included whereby the Consultant is entitled to the following fees resulting from change of control or termination by the Company:

(i) 3 times the Fee if the Consultant is terminated within the first six months of this agreement;
(ii) 5 times the Fee if the Consultant is terminated within six months and one day to one year of this agreement;
(iii) 10 times the Fee if the Consultant is terminated from one year thereafter of this agreement.

"Change of Control" means any event, including an amalgamation, merger or consolidation that causes:

(i) A third party to own or control, directly or indirectly, 50% or more of the voting shares of the Company;
(ii) A third party to own or control, directly or indirectly, sufficient voting shares in the Company to elect a majority of the directors of the Company;
(iii) An assignment, sale, or transfer by the Company of all or substantially all of the Company's business to a third party or to an affiliate or a wholly owned subsidiary; or
(iv) An assignment, sale, or transfer by the Company of all or substantially all of the Company's assets to a thirty party or to an affiliate or a wholly owned subsidiary.

Further details of the agreement can be reviewed on www.SEDAR.com under Highbank Resources Ltd. filings.

An amount of $118,800 (incl. GST) remained outstanding as at March 31, 2017 to Geomorph Consulting.

b. Office, Accounting Service Salaries and benefits totaling **$15,000** (2016 -$15,000) were incurred with the Chief Financial Officer (the "CFO").

On **June 1, 2014 the Company amended the Office Services Agreement with the CFO for a term of 24 months.** Thereafter, this agreement shall be automatically renewed for consecutive twenty-four (24) month terms, subject only to termination in accordance with the Agreement. In addition to the CFO's salary of $5,000 per month (the "Fee"), the CFO shall be entitled to the following benefits:

(i) Parking – The Company shall provide monthly paid parking for the CFO if requested.
(ii) Dental & Extended Health – 100% of the premiums shall be paid by the Company.
(iii) Annual Vacation – Six (6) weeks paid vacation, to be taken at the discretion of the CFO.
(iv) Statutory Holidays – To be paid as defined in the Employment Standards Act (British Columbia.

A Termination clause was included as follows:

The Company may terminate the Agreement at any time by giving the CFO written notice of such termination. In the event of termination of the Agreement by the Company for any reason other than a termination under ‘Termination for Default’, the Company shall pay the CFO an amount that is 14 times the Fee (the “Termination Payment”), within 15 business days of the day that one party gives notice of termination of the Agreement to the other, or the day on which the CFO deceases, as applicable; including other general terms.

An amount of $97,760 remained outstanding as at March 31, 2017 to the Chief Financial Officer for salaries and expenses.

c. Rent totaling **$7,050** (2016- $7,050); Office Services of **$1,740** (2016 **-** $1,740) were incurred with a corporation related by common Directors.

d. The following amount are due to related parties:

(i) Directors of the Company ($97,760 at March 31, 2017; $35,000 at March 31, 2016)
(ii) Companies with common officer and directors ($187,730 at March 31, 2017; $58,754 at March 31, 2016)

e. The following amounts are due from related parties:

(iii) Company with common directors ($1,946 at March 31, 2017; $1,946 at March 31, 2016)

The transactions above have been in the normal course of operations and, in management’s opinion, undertaken under similar terms and conditions as transactions with unrelated parties.

1.10 PROPOSED TRANSACTIONS/COMMITMENTS

The Company’s Board of Directors has signed a MOU to permit the Company to complete due diligence on a more than 1,000 ha potential aggregate property on Vancouver Island. For further details on the MOU please review the January 22, 2016 news release on the Company website and as filed on SEDAR.

1.11 CRITICAL ACCOUNTING ESTIMATES

Our financial statements have been prepared in conformity with International Financial Reporting Standards (“IFRS”) and form the basis for discussion and analysis of critical accounting policies and estimates. Management is required to make estimates and assumptions that affect the report amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant financial statement areas requiring the use of management estimates relate to the determination of impairment of assets and resource property interests, and their useful lives for amortization, the fair value of investments and share-based compensation, and the recoverability of future income tax assets. Financial results as determined by actual events could differ materially from those estimates.

<u>Risk management:</u>

The Company’s mineral property holdings and exploration activities create potential exposure to environmental liabilities, including site reclamation. The Company is currently entering the development stage of its main Canadian property interest and has accrued $94,750 as initial site reclamation costs. The Company records liability for site reclamation when determinable on a systematic accrual basis in the period in which such costs can be reasonably determined.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. Due to current economic conditions in capital markets the Company has a high risk associated with liquidity. The Company does not hold complex financial instruments or significant long-term assets.

Share-based payment:

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

1.12 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2017 reporting period. The Company is assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 15- Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18- Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 9- Financial Instruments is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The standard will be effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share-based Payment - These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases - IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS

16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

1.13 FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivables, bank overdraft, accounts payables and accrued liabilities, promissory notes, convertible debentures, production loans, and due to and from related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

1.14 OTHER MD&A REQUIREMENTS

Additional Information related to the Company is on SEDAR at www.sedar.com as well as the Company's website www.highbankresources.com.

Effective **March 19, 2014** the Company's registered and records office and solicitor has moved to Suite 1780, 400 Burrard Street, Vancouver, B. C. V6C 3A6

A. Authorized and Issued Share Capital as at May 30, 2017

Authorized unlimited common shares without par value.
Issued and outstanding: **129,906,621** common shares.

B. Options, Warrants & Convertible Securities Outstanding as at May 30, 2017

The following options, warrants, and convertible securities were outstanding as at May 30, 2017

Options		
Number	**Exercise Price**	**Expiry Date**
550,000	0.10	October 25, 2017
250,000	0.10	August 27, 2018
250,000	0.10	January 10, 2019
200,000	0.10	April 26, 2019
100,000	0.10	May 10, 2019
600,000	0.25	July 24, 2019
500,000	0.22	August 11, 2019
400,000	0.10	November 1, 2020
500,000	0.10	December 23, 2020
800,000	0.10	February 16, 2021
4,150,000		

Warrants		
Number	**Exercise Price**	**Expiry Date**
2,006,250	$0.20	October 1, 2017
4,380,000	$0.20	January 14, 2018
256,000	$0.20	February 18, 2018
1,051,250	$0.20	March 9, 2018
1,824,000	$0.15 $0.20	June 14, 2017 June 14, 2018
600,000	$0.10 $0.15	July 11, 2017 July 11, 2018
1,541,000	$0.10 $0.15	September 20, 2017 September 20, 2018
11,658,500		

C. Subsequent Events following March 31, 2017 to May 30, 2017

(i) May 1, 2017 – 50,000 Options expired unexercised at $0.15;
(ii) May 1, 2017 – Highbank filed on www.SEDAR.com Advance Notice of the upcoming Annual General Meeting to be held on July 17, 2017. Record Date for Notice of the Meeting and Beneficial Ownership determination for Voting is set at June 12, 2017.
(iii) May 23, 2017 – Highbank arranges a further demand loan for $100,000.
(iv) May 26, 2017 – 125,000 Options expired unexercised at $0.15;

D. Evaluation of Disclosure Controls and Procedures

An internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company operates with a small executive board and internal staff. Accordingly, lack of segregation of duties is an identified internal control weakness. There have been no significant changes in the company's system of internal financial controls over the past year.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109.

Note to Reader

In particular, the certifying officers are not making any representations relating to the establishment and maintenance of controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

E. Corporate Governance Disclosures

The Company has submitted to its members and shareholders details in the Information Circular dated **June 6, 2016** the Corporate Governance Disclosure guidelines that have been presented to the Board of Directors for periodic review. Some of these guidelines are: Outlining the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Management of the Company periodically updates directors with regulatory policy changes. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. The Company's Information Circular can be reviewed on www.Sedar.com

F. Risks and Uncertainties

The Company's principal activity is aggregate mine exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic.

The Company has no producing properties, no significant source of operating cash flow and consequently no sales or revenue from operations. The Company has limited financial resources. However, substantial expenditures were made in the year-ended December 31, 2014 in order to advance the Swamp Point project to a production stage. The Company advises that while it has made the decision to put the Swamp Point project into production, the Company is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability. There exists an increased economic and technical risk of failure associated with such a production decision.

Other property interest, in which the Company has a net smelter return, is in the exploration stages only, is without and may not result in any discoveries of commercial mineralization, and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines, the result being the Company will be forced to look for other exploration projects.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

HIGHBANK RESOURCES LTD.

CORPORATE DATA

HEAD OFFICE

#600 - 625 Howe Street
Vancouver, B.C., V6C 2T6
Contact: Gary Musil
Tel: (604) 683-6648
Fax: (604) 683-1350
E-Mail: highbank@telus.net
Website: www.highbankresources.com

Directors and Officers

James H. Place, P.Geo., CEO/President, Director
Gary Musil, CFO, Secretary/Director
Victor N. Bryant, I.Eng, MAusIMM, Chairman of the Board, Director
Luard J. Manning, P. Eng. (Mining), Director
William (Bill) J. Loucks, CPA, CA,CFP, Director
Ivan Scott, P. Eng., Director

Registrar and Transfer Agent

CST Trust Company (formerly CIBC Mellon Trust Company)
Suite 1600, 1066 West Hastings Street
Vancouver, B.C.,
V6E 3X1

Solicitors

Fang & Associates
Barristers & Solicitors
Suite 1780, 400 Burrard Street
Vancouver, B.C. V6C 3A6

Auditors

Crowe MacKay LLP
Chartered Professional Accountants
Suite 1100 - 1177 West Hastings Street
Vancouver, B.C. V6E 4T5

Listing

TSX Venture Exchange
Symbol: HBK

Frankfurt Stock Exchange
Symbol: V7O

Share Capitalization
(March 31, 2017)

Authorized: Unlimited
Issued & Outstanding: **129,906,621**