Management's Discussion & Analysis

For the Period Ended

January 31, 2018 (Expressed in U.S. Dollar)

INTRODUCTION

Date Prepared: March 28, 2018.

This Management Discussion and Analysis ("MDA") covers the operations of Canaf Group Inc. ("Canaf" or the "Corporation") for the period ended January 31, 2018 and should be read in conjunction with the audited consolidated Financial Statements for the year ended October 31, 2017 and related notes and the consolidated interim unaudited financial statements for the three months ended January 31, 2017. The Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Canaf's accounting policies are described in Note 2 of the Interim Financial Statements for the three month period ended January 31, 2018. The Financial Statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Corporation.

All dollar amounts are expressed in US dollars, the reporting currency of the Corporation, unless otherwise stated. Additional information relating to the Corporation is available on SEDAR at www.sedar.com, or at the Corporation's website at canafgroup.com.

DESCRIPTION OF BUSINESS

Canaf is incorporated in the Province of Alberta and wholly owns a corporation in South Africa, Quantum Screening and Crushing (Proprietary) Limited ("Quantum"). Quantum, through its wholly owned subsidiary, Southern Coal (Pty) Ltd. ("Southern Coal"), processes anthracite coal into de-volatised (calcined) anthracite for sale mostly to steel and ferromanganese manufacturers as a substitute product for coke.

Quantum - Calcined Anthracite, South Africa

Quantum produces calcined anthracite, a product used primarily as a substitute to coke in sintering processes. Calcined anthracite is produced by feeding anthracite coal through a rotary kiln, at temperatures between 900 and 1100 degrees centigrade; the volatiles are driven off and the effective carbon content increased.

Quantum's two largest clients are world leaders in steel and ferromanganese production. Quantum has an operation near Newcastle, KwaZulu Natal, where its three kilns operate.

OVERALL PERFORMANCE AND OUTLOOK

The three month period ended 31 January 2018 saw the Corporation continue to recover from significantly reduced sales between mid-2015 to mid-2016, when depressed global commodity prices affected the Corporation's customers negatively.

Revenue for the three month period was $3,273,213 (2017 - $2,991,706) a $281,507, 9% increase, and the Corporation returned to profitability with net comprehensive income for three month period ended January 31, 2018 of $552,815 (2017 - $198,221) a $354,594, 179% favourable variance. The results reflect the previously reported turnaround from increased demand with sales remaining strong.

During the quarter, Southern Coal experienced a further increase in demand from its customers, in comparison to that of Q4, 2017 and the Corporation can confirm that Q2, 2018 will reflect a further increase to Southern Coal's maximum capacity.

The outlook and profitability of the Corporation remains strong and the Corporation expects to continue to generate positive free cash flow during the fiscal year-end 2018 and, as it accumulates cash and reduces its gearing and increases its efficiencies, will continue to look at investment in related business opportunities in South Africa, a country which many now regard with a very positive outlook.

The Corporation also remains focused on completing a Broad-Based Black Economic Empowerment ("B-BBEE" transaction for Southern Coal, by mid-June 2018. The B-BBEE is a form of economic empowerment initiated by the South African government with the goal to distribute wealth across as broad a spectrum of previously disadvantaged South African society as possible. A new partner has been identified and initial terms of the agreement, which will remain much the same as the previously agreed transaction, will most probably be announced by the end of April 2018. The Corporation remains confident that it will achieve its B-BBEE goals during the current fiscal year and we remain optimistic of the opportunities that will arise from such a transaction.

Selected Financial Information

Due to the Corporation being listed on the TSX-V and it share price is quoted in Canadian Dollars, the Corporation has converted some key financial information included in this report to Canadian dollars. The following financial information is derived from the Corporation's interim financial statements 3-month period ended January 31, 2018, with a comparison in Canadian Dollars.

	Three Months Ended January 31,		**Three Months Ended January 31,**	
	2018 US$	**2017 US$**	**2018 CDN$**	**2017 CDN$**
Conversion 1.00 US			**1.243**	**1.313**
Revenue from Sales	3,273,213	2,991,706	4,068,604	3,928,230
Cost of Sales	3,024,651	2,605,825	3,759,641	3,421,550
Gross Profit	**248,562**	**385,881**	**308,963**	**506,680**
Expenses	(167,892)	(114,926)	(208,690)	(150,902)
Income Tax Recovery (Expense)	106,456	(73,264)	132,325	(96,199)
Net Income for the period	**187,126**	**197,691**	**232,598**	**259,579**
Adjusted EBITDA	**176,680**	**381,110**	**219,613**	**500,416**
Total Assets	**5,189,196**	**3,315,232**	**6,450,171**	**4,353,033**
Bank Loan	**(396,579)**	**(416,882)**	**(492,948)**	**(547,383)**
Total Equity	**2,461,453**	**1,908,638**	**3,059,586**	**2,506,042**

South African Business Performance - Quantum Screening and Crushing (Pty) Ltd

(in South African Rand)	**Three Months Ended January 31,**	
	2018 ZAR	**2017 ZAR**
Sales	43,007,348	41,329,757
Cost of sales	(39,900,779)	(35,934,019)
Gross Profit	3,106,569	5,395,738
Expenses	(1,126,341)	(1,795,019)
Income Tax Recovery (Expense)	1,177,982	(1,010,441)
Net income for the period	**3,158,210**	**2,590,278**

The table above reflects the recovery forecast by the Corporation.

Non- GAAP Performance Measures

The Corporation has included additional financial performance measures in this MD&A, such as adjusted EBITDA. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Corporation's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Reconciliation of Adjusted EBITDA and Profit

	January 31, 2018 US$	January 31, 2017 US$	January 31, 2018 CDN$	January 31, 2017 CDN$
Conversion 1.00 US Dollar Rate			**1.243**	**1.313**
Net Income for the period	187,126	197,691	232,598	259,579
Interest	0	15,322	0	20,118
Depreciation	96,010	94,833	119,340	124,520
Income Taxes	(106,456)	73,264	(132,325)	96,199
Adjusted EBITDA	**176,680**	**381,110**	**219,613**	**500,416**

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) as historically calculated by the Corporation.

UPDATE ON UGANDAN CLAIM AGAINST KILEMBE MINES LIMITED

In August 2006, Canaf, then known as Uganda Gold Mining, announced the termination of any further investment into its Kilembe Copper-Cobalt Project in Uganda. Since 2007, the Corporation has been engaged in an Arbitration with Kilembe Mines Limited, ("KML"), whereby the Corporation seeks general damages, special damages and costs of the Arbitration from KML for breach of contract.

The legal work, carried out my MMAKS Advocates, Kampala, against KML is at no cost to the Corporation, but any award in favor of the Corporation will be distributed to both MMAKS and Canaf.

Despite the fact that the claim against KML Corporation remains active, the Corporation is unable to give an indication of either the quantum or any likely date by which the Arbitration will be concluded.

RESULTS OF OPERATIONS

Three Month Period Ended January 31, 2018

The Corporation reported net income of $187,126 (2017 - $197,691) a $10,565 unfavourable variance of over the previous period. The reduction in GM and profit are due to increased feedstock costs in Q1 and a one month delay in the corresponding sale price increase, a general increase in maintenance cost and investment into B-BBEE training projects in Q1 which represent approximately 75% of the projected annual spend for B-BBEE.

	Three Months Ended January 31, 2018 $	Three Months Ended January 31, 2017 $
Sales	3,273,213	2,991,706
Cost of sales	3,024,651	2,605,825
Gross Profit	248,562	385,881
Expenses	(167,892)	(114,926)
Income Tax Recovery (Expense)	106,456	(73,264)
Net income loss for the period	187,126	197,691

Sales

Revenue for the quarter were $3,273,213 (2017 - $2,991,706) $281,507, 9.4% increase which is due to the recovery described above.

Expenses

Expenses for the three month period were $167,892 (2017 - $124,874) an increase of $43,018, 34% primarily due to increased costs related to the B-BBEE, strengthen of the Rand, general increases in operating expenses partly offset by lower finance cost. Additional information is provided in the table and notes below:

	Three Months Ended January 31, 2018	2017
	$	$
General and administraive expenses		
Bank Charges and Interest	109	735
Consulting Fees (Note 10(b))	27,759	16,573
Management Fees (Note 10(c))	38,081	35,202
Office, Insurance and Sundry	39,902	17,366
Broad-Based Black Economic Empowerment	27,800	-
Professional Fees (Note 10(a))	26,159	23,687
Promotion	143	164
Telephone	1,064	4,111
Transfer Agent and Filing Fees	664	291
Travel	6,211	6,449
	167,892	104,578
Finance costs	-	15,322
Interest Income	-	(4,974)
	167,892	114,926

General administrative and finance expenses for the three month period were $167,892 (2017 - $114,926) an unfavourable variance of $52,966 46%, primarily due to strengthening of the Rand, increased involvement in South Africa's B-BBEE program and increased activity resulting in higher management fees and office expenses. Financing cost net of Interest income for the three month period was $Nil (January 31, 2017 - $15,322).

Income Taxes

The Corporation reported income taxes expense for the current year of $106,456 (2017 recovery of $73,264**,** an unfavourable variance of $179,720.

In the current year the Corporation reported deferred tax liability of $Nil (2017 - $122,022) a decrease of $122,022. The decrease in deferred tax liability was a result of the return to profitability.

Comprehensive Income

The Corporation is not subject to currency fluctuations in its core activities however the Corporation is subject to transactions in various currencies and the volatility in international currency markets does have an impact on some costs and translation into the reporting currency of the Corporation. The current period comprehensive gain on foreign exchange in the amount of $365,689 (2017 gain $530) mostly as a result of the translation of foreign-currency denominated balances into US$ the reporting currency. As at January 31, 2018 the Corporation has net comprehensive gain of $552,815 (2017 - $198,221. The Corporation does not hedge net asset translation movements, but where necessary and appropriate hedge currency risk for trading items.

SUMMARY OF QUARTERLY REPORTS

The following financial data is derived from the Corporation's financial statements for the past 8 quarters.

	Three Months Ended			
	January 31, 2018	October 30, 2017	July 31, 2017	April 30, 2017
		$	$	$
Sale	$ 3,273,213	$ 2,255,450	$ 1,961,208	$ 3,490,753
Gross Profit	248,562	333,885	204,320	299,024
Net Income (Loss)	187,126	(53,908)	166,064	231,961
Net Comprehensive Income (Loss) for the period	552,815	(183,066)	187,796	236,713
Basic and diluted earnings (loss) per share	$ 0.00	$ (0.00)	$ 0.00	$ 0.00

	Three Months Ended			
	January 31, 2017	October 30, 2016	July 31, 2016	April 30, 2016
	$	$	$	$
Sale	$ 2,991,706	$ 1,796,330	$ 1,126,582	$ 757,843
Gross Profit	385,881	94,196	98,966	39,113
Net Income (Loss)	197,691	136,764	19,945	(41,382)
Net Comprehensive Income (Loss) for the period	198,221	191,340	48,382	89,531
Basic and diluted earnings (loss) per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

The results above shows the sale recovery and demand of the Corporation's product which started in Q3, 2016. Sales for the three month period ended January 31, 2018 increased by 45% in comparison to the previous quarter and is expected to increase by a further 40% in Q2, as more confidence returns to the markets.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2018, the Corporation had cash of $394,520 (October 31, 2017 - $453,609) and working capital of $1,375,202 (2017 - $1,098,726). Surplus cash and cash equivalents are deposited in interest accruing accounts.

Working capital components include cash in current or interest bearing accounts, trade and other receivables, sales tax receivable, inventories and prepaid expenses and deposits, trade and other payables, sales tax payable, income tax payable, and current portion of long-term debt.

Trade receivables and trade payables are expected to increase or decrease as sales volumes change.

	Three Months Ended January 31,	
	2018	2017
	$	$
Cash provided by (used) in operating activities	(174,451)	323,295
Cash used in investing activities	(230,024)	(35,235)
Cash provided by (used) in financing activities	(20,303)	(73,346)
Increase (Decrease) in cash	(424,778)	214,714

Operations used $174,451 in cash during the three month period ended January 31, 2018 (2017 generated $323,295) as the Corporation purchased additional inventory to meet increased demand.

Except as described above, the Corporation's management is not aware of any other trends or other expected fluctuations in its liquidity that would create any deficiencies. The Corporation's management believes that its cash balances will be sufficient to meet the Corporation's short-term and long-term requirements for ongoing operations and planned growth.

ECONOMIC DEPENDENCE

Sales from the Corporation's South African coal processing business are substantially derived from two customers and as a result, the Corporation is economically dependent on these customers. The Corporation's exposure to credit risk is limited to the carrying value of its accounts receivable. As at January 31, 2018, trade receivables of $2,678,248 (October 31, 2017, $1,314,828) were due from these customers and were collected subsequent to period-end.

REVENUE RECOGNITION

Revenue from the sale of calcined anthracite is recognized upon transfer of title, which is completed when the physical product is delivered to customers and collection is reasonably assured. Interest and other income are recognized when earned and collection is reasonably assured.

COMMITMENT

The Corporation has an agreement to lease premises for its coal processing plant in South Africa for a term of ten years, expiring on December 31, 2020. The agreement offers the Corporation, in lieu of rent, feedstock coal to be delivered to its adjacent premises, which it purchases at market price. Should the Corporation decide to purchase feedstock coal from an alternative supplier which the lessor is otherwise able to provide, then a monthly rent of Rand 200,000 ($16,819) is payable. To date, the Corporation has not been required to pay any rent for the premises as it has continued to purchase feedstock coal from the landlord.

CONTRACTUAL OBLIGATIONS

The bank loan bears interest at 10.25% per annum, matures on January 7, 2019, and is secured by the Company's furnace acquired with the proceeds from the loan. The bank loan is repayable in blended monthly payments of Rand 391,624 ($32,934 translated at January 31, 2018 exchange rate)). During the three month period ended January 31, 2018, the Company incurred interest expense totaling $Nil (January 31, 2017 – $15,322).

TRANSACTIONS WITH RELATED PARTIES

At the report date, key management consists of Christopher Way (CEO, President and a Director of the Corporation), Derick Sinclair CFO and a director); David Way (Chairman of the Board and Director of the Corporation) and Kevin Corrigan (Independent Director of the Corporation).

Fees incurred for services by key management personnel during the three month period ended January 31, 2018 and 2017 were as follows:

		Three Months Ended January 31,	
		2018	2017
Services	**Party**	**$**	**$**
Consulting Fees	President, CEO and director of the Corporation	27,759	16,573
Professional Fees	CFO and director of the Corporation	18,030	10,084
Directors Fees	Directors of the coal processing operations in South Africa	38,081	35,202

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up the date of issuance of the Company's consolidated financial statements not yet effective that the Company intends to adopt when they becomes effective.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of Canaf's accounting policies are presented in Note 2 of the Interim financial statements three month period ended January 31, 2018. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Corporation's financial statements and the uncertainties that could have a bearing on its financial results.

MANAGEMENT FINANCIAL RISKS

The Corporation is exposed to various risks in relation to financial instruments. The Corporation's financial assets and liabilities by category are summarized in Note 2(o) of the consolidated financial statements. The Corporation's risk management is coordinated at its head office in Canada in close co-operation with the board of directors and focuses on actively securing the Corporation's short to medium-term cash flows and raising finances for the Corporation's capital expenditure program. The Corporation does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Corporation is exposed are described below.

Foreign Currency Risk

Foreign exchange risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies. The Corporation's subsidiaries, principally located in South Africa, routinely transact in the local currency, exposing the Corporation to potential foreign exchange risk in its financial position and cash flows.

The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the United States dollar and these foreign currencies. The Corporation has outstanding debt obligations that are payable in South African Rand. The Corporation does not currently use financial instruments to mitigate this risk.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Corporation limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivable by performing standard credit checks. The credit risk for cash and trade receivables is considered negligible since the counterparties are reputable banks with high quality external credit ratings and customers with no history of default.

The Corporation has a credit risk exposure related to its economic dependence on two customers for its calcine sales. The Corporation has assessed its exposure to credit risk and has determined that no significant risks exist from these concentrations of credit.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations when they become due. The Corporation ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Corporation's holdings of cash. The Corporation has a working capital of $1,375,202 as at January 31, 2018. There can be no assurance that the Corporation will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Corporation's bank loan is tied to the Prime Rate, and as such, the Corporation is not exposed to significant interest rate risk.

Commodity Price Risk

The Corporation's revenues, earnings and cash flows are directly related to the volume and price of calcine sold and are sensitive to changes in market prices over which it has little or no control. The Corporation has the ability to address its price-related exposures through the use of sales contracts.

Fair Value

The Corporation uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that is not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Corporation's financial assets measured at fair value through profit or loss use Level 1 valuation techniques during the three month period ended January 31, 2018 and 2017. The carrying values of the Corporation's financial assets and liabilities approximate their fair values as at January 31, 2018.

CAPITAL RISK MANAGEMENT

The Corporation’s objectives in managing its capital are to ensure adequate resources are available to fund its coal processing business in South Africa, to seek out and acquire new projects of merit, and to safeguard its ability to continue as a going concern. The Corporation manages its share capital as capital, which as at January 31, 2018, totaled $8,079,463 (2017 - $8,079,463).

The Corporation manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through the sale of calcine in South Africa and, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Corporation will be able to obtain debt or equity capital in the case of operating cash deficits.

The Corporation may, from time to time, invest capital that is surplus to immediate operational needs in short-term, liquid, and highly rated financial instruments held with major financial institutions, or in marketable securities. The Corporation may also, from time to time, enter into forward foreign exchange and commodity price contracts to hedge a portion of its exposure to movements in foreign exchange and commodity prices.

The Corporation has no externally imposed capital requirements and has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes in the Corporation’s approach to capital management during the three month period ended January 31, 2018.

RISKS AND UNCERTAINTIES

The Corporation is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including movements in commodity prices, which are difficult to forecast. The Corporation seeks to counter these risks as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

The Corporation’s assets are of indeterminate value. For further particulars see the financial statements filed on www.sedar.com.

Exploration and Development

The Corporation is not currently engaged in any exploration or development projects.

Operating Hazards and Risks

Operations in which the Corporation has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Corporation has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

Metal and Mineral Prices

Factors beyond the control of the Corporation affect the price and marketability of gold and other metals and minerals. Metal and mineral prices have fluctuated widely, particularly in recent years and are affected by numerous factors including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors on the Corporation’s future prospects cannot accurately be predicted.

Political Risk

Quantum is located in South Africa and consequently the Corporation will be subject to certain risks, including currency fluctuations, electricity outages and possible political or economic instability, and exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Corporation and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety.

Environmental Factors

All phases of the Corporation's operations will be subject to environmental regulation in South Africa.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The exploration, development and production activities of the Corporation will require certain permits and licenses from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licenses and permits which the Corporation may require to carry out exploration and development of its projects will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Corporation may undertake.

Cash Flows and Additional Funding Requirements

Although since the acquisition of Quantum, the Corporation has significant revenues from operations, the majority of sources of funds currently available to the Corporation for any future acquisition and development projects will in large portion be derived from the issuance of equity or project finance debt. Although the Corporation presently has sufficient financial resources and has been successful in the past in obtaining equity and debt financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation.

Title to Assets

Although the Corporation has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

Enforcement of Civil Liabilities

Substantially all of the assets of the Corporation will be located outside of Canada and certain of the directors and officers of the Corporation will be resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Corporation or the directors and officers of the Corporation residing outside of Canada.

Management

The Corporation is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Corporation.

CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION

This MD&A together with the Corporation's consolidated financial statements for the three month period ended January 31, 2018 contain certain statements that may be deemed “forward-looking statements”. All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Corporation expects to occur, are forward looking statements. Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Information inferred from the interpretation of drilling results and information concerning resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Inherent in forward-looking statements are risks and uncertainties beyond the Corporation’s ability to predict or control, including risks that may affect the Corporation’s operating or capital plans, including risks generally encountered in the exploration and development of natural resource properties, such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; risks associated with labour and unavailability of skilled labour; fluctuations in the market prices of the Corporation's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for natural resource properties; risks associated with lack of access to markets; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Corporation's dependence on third parties in the provision of transportation and other critical services; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Corporation receives regulatory and governmental approvals as are necessary on a timely basis; that the Corporation is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Corporation's activity costs; that the Corporation is able to continue to secure adequate transportation as necessary for its exploration activities; that the Corporation is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Corporation's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Corporation's estimates in relation to its natural resource interests are within reasonable bounds of accuracy (including with respect to size, grade and recoverability of mineral projects) and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Corporation maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Corporation's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the interim Consolidated financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

OUSTANDING SHARES

Authorized: Unlimited number of common shares without par value.

Common shares outstanding:	47,426,195
Options:	Nil
Warrants:	Nil
Fully Diluted:	47,426,195