

Integra Resources Corp.
(formerly Mag Copper Limited)

Management's Discussion and Analysis

For the three and six month periods ended
June 30, 2017 and 2016

INTEGRA RESOURCES CORP.
(formerly Mag Copper Limited)

MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2017

Management's discussion and analysis (MD&A) current to August 28, 2017, is management's assessment of the statement of operations and the financial results together with future prospects of Integra Resources Corp. ("Integra" or the "Company"), formerly Mag Copper Limited. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six month periods ended June 30, 2017 and 2016 and the audited consolidated financial statements and related notes for the year ended December 31, 2016 and 2015. This discussion contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to Integra's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. Additional information relevant to the Company's activities including the Company's Annual Report and audited consolidated financial statements can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Integra to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Integra to fund the capital and operating expenses necessary to achieve the business objectives of Integra, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Integra. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Integra should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements contained in any documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

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OVERVIEW

The Company is a reporting issuer, whose common shares commenced trading on July 26, 2005 on the Canadian National Stock Exchange ("CNSX") (CNSX Symbol – QUE).

As at August 28, 2017, the directors and officer of the Company were:

George Salamis	President, CEO and Director
Andrée St-Germain	CFO and Corporate Secretary
Chris Irwin	Director
Stephen de Jong	Director
Lisa McCormack	Director

The Company is engaged in the acquisition and exploration of mineral properties. The Company currently does not own properties but is actively reviewing assets in North America and South America with the goal to secure a new project in the coming months.

RECENT UPDATES

- On August 17, 2017 the Company announced that it has filed articles of amendment to effect the name change to Integra Resources Corp., and a share consolidation on a 1:2.5 basis approved by shareholders of the Company at its annual and special meeting held on July 6, 2017. The share consolidation reduces the number of outstanding Common Shares from 46,003,540 to approximately 18,401,411. No fractional Common Shares will be issued pursuant to the Consolidation and any fractional Common Shares that would have otherwise been issued have been rounded down to the nearest whole number and cancelled.

The Company also appointed new directors to the board and a series of appointments resulting in the formation of a new executive management team for the Company. The new team includes George Salamis, President, CEO and Director, Stephen de Jong, Chairman and Director, and Andrée St-Germain, Chief Financial Officer and Corporate Secretary. The incoming board members and management team were former senior executives at Integra Gold Corp., and oversaw the successful sale of Integra Gold to Eldorado Gold Corporation for C\$590 million in July 2017.

- On August 2, 2017, the Company completed a non-brokered private placement for gross proceeds of \$896,500 through the issuance of 8,965,000 common shares of the Company at a price of \$0.10 per Common Share.
- On May 25, 2017, the Company completed a non-brokered private placement for gross proceeds of \$835,000 through the issuance of 15,181,818 common shares of the Company at a price of \$0.055 per common share.
- On March 16, 2017, the Company completed a non-brokered private placement for gross proceeds of \$62,402 through the issuance of 1,248,040 common shares of the Company at a price of \$0.05 per common share. The Company has also issued an aggregate of 15,719,338 common shares in settlement of an aggregate of \$785,967 of indebtedness at a price of \$0.05 per common share.

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In connection with the issuance of the common shares subscribed for in the non-brokered offering, the Company has agreed to pay a finder's fee equal to 8% of the aggregate proceeds of the offering to be satisfied through the issuance of 99,843 common shares of the Company.

- On January 30, 2017, the Company filed articles of amendment giving effect to the consolidation of its issued and outstanding common shares on a one (1) for five (5) basis. The Consolidation was approved by shareholders at the annual and special meeting held on June 21, 2016. The Consolidation will reduce the number of outstanding Common Shares from 23,947,516 to approximately 4,789,503.
- On June 8, 2016, the Company settled \$412,189 in debt owing to related parties through the issuance of 8,243,794 common shares. The common shares were valued at \$82,438 based on the stock market price on the date of settlement.
- On February 18, 2016, the Company received notice of termination of the option agreement between Globex Mining Enterprises Inc. and Integra with respect to the Magusi and Fabie Bay properties.

EXPLORATION AND EVALUATION ASSETS

Magusi River/Fabie Bay Property

The Company did not meet its commitments as outlined in Note 7 of its unaudited interim condensed consolidated financial statements and as a result, on February 18, 2016, the Company received notice of termination of the option agreement between Globex Mining Enterprises Inc. and Integra with respect to the Magusi and Fabie Bay properties.

Other

The Company holds no interest in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2017

The Company incurred a loss of \$23,102 or \$0.00 a share for the three month period ended June 30, 2017, compared to an income of \$378,419 or \$0.11 a share for the same period in 2016. In the comparative period, the Company had an income due to a one time gain on settlement of debt in the amount of \$329,751 and a gain on forgiveness of debt in the amount of \$80,888. Expenses also decreased overall as the Company has limited funds and is currently operating in a care and maintenance approach only incurring necessary costs to keep operating.

General and administration costs were consistent amounting to \$10,435 in the three month period ended June 30, 2017, compared to \$9,680 in 2016. General and administration costs include storage, investor relations, and general expenses. The amounts were consistent in comparison with the prior year.

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Professional fees for the three month period ended June 30, 2017 were \$6,667 compared to \$17,165 in the same period of 2016. The amount was higher in the comparable year as the Company incurred fees in connection with the settlements of debt and debt forgiveness agreements.

During the three month period ended June 30, 2017, the Company incurred \$6,000 in consulting fees compared to \$6,000 in the same period in 2016. The amount was comparable to the prior year.

Six Months Ended June 30, 2017

The Company incurred a loss of \$44,119 or \$0.00 a share for the six month period ended June 30, 2017, compared to an income of \$360,336 or \$0.11 a share for the same period in 2016. In the comparative period, the Company had an income due to a one time gain on settlement of debt in the amount of \$329,751 and a gain on forgiveness of debt in the amount of \$80,888. Expenses also decreased overall as the Company has limited funds and is currently operating in a care and maintenance approach only incurring necessary costs to keep operating.

General and administration costs remained consistent amounting to \$14,054 in the six month period ended June 30, 2017, compared to \$11,821 in 2016. General and administration costs include storage, investor relations, and general expenses. The amount remained consistent with the comparable period.

Professional fees for the six month period ended June 30, 2017 were \$20,299 compared to \$27,482 in the same period of 2016. The amount was higher in the comparable period as the Company incurred fees in connection with the settlements of debt and debt forgiveness agreements.

During the six month period ended June 30, 2017, the Company incurred \$12,000 in consulting fees compared to \$12,000 in the same period in 2016. The amount was comparable to the prior year.

Selected Consolidated Financial Information

The information below should be read in conjunction with the unaudited interim consolidated financial statements and related notes and other financial information.

	Six Month Period Ended June 30, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
	\$	\$	\$
Revenue	Nil	Nil	Nil
Net Income (Loss) before other income and expenses	(46,353)	(73,738)	(232,178)
Income (Loss) before income taxes	(44,119)	342,026	(232,303)
Net Income (Loss)	(44,119)	342,026	(232,303)
Income (Loss) Per Share	(0.00)	0.02	(0.01)
Total Assets	823,746	20,322	21,209
Liabilities	60,105	882,931	1,303,282

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Selected Quarterly Information

	2017 Q2	2017 Q1	2016 Q4	2016 Q3
	\$	\$	\$	\$
Revenues	-	-	-	-
Net income (loss)	(23,102)	(21,017)	(8,236)	(10,074)
Basic and fully diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

	2016 Q2	2016 Q1	2015 Q4	2015 Q3
	\$	\$	\$	\$
Revenues	-	-	-	-
Net income (loss)	378,419	(18,083)	(35,363)	(28,641)
Basic and fully diluted income (loss) per share	0.11	(0.00)	(0.00)	(0.00)

CAPITAL RESOURCES, CAPITAL EXPENDITURES AND LIQUIDITY

The Company had a working capital of \$763,641 as at June 30, 2017, compared to a working capital deficiency of \$862,609 as at December 31, 2016. The Company anticipates that additional financings will be required during 2017 to fund its operations and cover its general and administrative expenses.

The Company does not have a mineral property in production and consequently does not produce any revenue. As a result, the Company's ability to conduct operations, including the acquisition and exploration of minerals properties, is based completely on its ability to raise funds, primarily from equity sources. Should the Company identify a mineral property for acquisition, it will need to also raise additional capital, likely through the issue of equity securities, to fund the acquisition and the work required to advance and develop the property. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to abandon business development opportunities and to suspend its operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

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(a) Integra incurred expenses with related parties:

Six months ended June 30,	Notes	2017		2016	
Marco Guidi (former CFO)	(i)	\$	12,000	\$	12,000
Irwin Lowy (former President)	(ii)	\$	30,714	\$	27,487

(i) During the six month period ended June 30, 2017, Marco Guidi (former CFO) charged fees of \$12,000 (2016 - \$12,000) for professional services fees, for CFO services.

(ii) During the six month period ended June 30, 2017, Irwin Lowy (former President) accrued fees of \$30,714 (2016 - \$27,487) for professional services fees, for President and legal services.

(b) During the year ended December 31, 2013, the Company received loans of \$100,000 and \$225,000 from Chris Irwin, former President of the Company. The loans are payable on demand and are non-interest bearing. As at June 30, 2017, \$nil (December 31, 2016 - \$175,000) in loans is owed to Chris Irwin and is included in due to related parties. The debt was sold to a third party during the six month period ended June 30, 2017 and subsequently settled into shares as described in note 11.

(c) On June 8, 2016, the Company settled \$412,189 in debt owing to related parties through the issuance of 8,243,794 common shares. The common shares were valued at \$82,438 based on the stock market price on the date of settlement. As a result, the Company recorded a gain on settlement of debt of \$329,751 for the year ended December 31, 2016.

(d) At June 30, 2017, amounts included in due to related parties of \$35,994 (December 31, 2016 - \$785,986) are non-interest bearing and due on demand.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

DIVIDENDS

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

ESTIMATE OF STOCK BASED COMPENSATION AND ASSOCIATED ASSUMPTIONS

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This valuation required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 11 of the June 30, 2017 unaudited interim condensed consolidated financial statements for further details.

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ASSESSMENT OF RECOVERABILITY OF RECEIVABLES

The carrying amount of accounts receivables are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcome could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Measurement uncertainties are described in the Company's consolidated financial statements for the year ended December 31, 2016."

CHANGES IN ACCOUNTING POLICIES

The significant accounting policies applied to the Company's financial statements and reported in this MD&A are in accordance with IFRS and follow the same accounting policies and methods as described in the Company's audited consolidated financial statements for the year ended December 31, 2016.

New Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet determined the impact of the amendments on the Company's financial statements.

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IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

IFRS 16 - In 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) has been adopted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

	August 28, 2017
Issued and outstanding common shares	18,401,411
Outstanding options to purchase common shares	35,200
Outstanding purchase warrants	Nil

RISKS AND UNCERTAINTIES

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct, operate and maintain mining and processing facilities at a particular site. It is impossible to ensure that the current and /or future exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company’s operations are subject to all the hazards and risks normally encountered in the exploration and development of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling of material.

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Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable mineral properties in the future.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

Additional Capital

The Company will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of property acquisitions and exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Segregation of Duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Reliance on Management

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments as at June 30, 2017 include cash, other financial assets, trade and other receivables, trade and other payables, and due to related parties. The Company has

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designated its cash and other financial assets as FVTPL, which are measured at fair value and are determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables and due to related parties are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest-rate risk

The Company has cash balances bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consist of bank deposits, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at June 30, 2017, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to June 30, 2017. The Company is exposed to credit risk with regards to the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at June 30, 2017 is the carrying value of cash and trade and other receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2017, the Company had a working capital of \$764,641 (December 31, 2016 – \$862,609 working capital deficiency). The Company intends on securing further financing to ensure that the obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Integra may change and shareholders may suffer additional dilution. Failure to raise additional financing on a timely basis could cause the Company to abandon business development opportunities and to suspend its operations.

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OTHER INFORMATION

This MD&A of the financial position and results of operation as at June 30, 2017, should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2017 and 2016. Additional information will be accessible through the Company's public filings at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this MD&A. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the unaudited interim condensed consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements with management. The Board of Directors has approved these unaudited interim condensed consolidated financial statements on the recommendation of the Audit Committee.

George Salamis
President, CEO and Director
August 28, 2017