BULLION GOLD RESOURCES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

Introduction

This Management Discussion and Analysis ("MD&A") has been prepared by management as of April 16, 2018 and should be read in conjunction with the audited consolidated financial statements of Bullion Gold Resources Corp. ("Bullion" or the "Company") for the years ended December 31, 2017 and 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. All dollar figures are expressed in Canadian dollars unless otherwise stated. Further information on the Company can be found on SEDAR at www.sedar.com.

Bullion was incorporated on March 30, 2005 under the *Business Corporations Act (Alberta)* and on May 13, 2008, the Company was registered as an extra provincial company under the British Columbia *Business Corporations Act* ("BCBCA"). On February 1, 2016, the Company ceased to be an Alberta corporation and continued into British Columbia. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Bullion Gold Corp. (the "Subsidiary"). The Company is engaged in the exploration and development of mineral properties in British Columbia and has not yet determined whether its properties contain ore reserves that are economically recoverable.

On April 18, 2016, the Company completed a share consolidation on the basis of ten pre-consolidation common shares for each post-consolidation share. Upon approval by the TSX Venture Exchange ("TSX-V"), the Company began trading under the existing symbol "BGD.V" on April 29, 2016. As such, all current and comparative share amounts have been restated to account for the ten to one common share consolidation.

Company Overview

Bullion is an exploration and development company with a copper-gold porphyry project known as the Tak Property located in the heart of the Cariboo region, south-central British Columbia. The property occurs within the Quesnel Terrane, which contains several copper-gold-molybdenum porphyry deposits and sediment-hosted gold deposits.

The Company also held title to the Gold Creek property, which was optioned during the year ended December 31, 2017 (see below).

Because of current market conditions and the difficulty in raising financing, the Company elected to drop several of its claims during 2014, as shown in the map below in order to keep its primary properties.

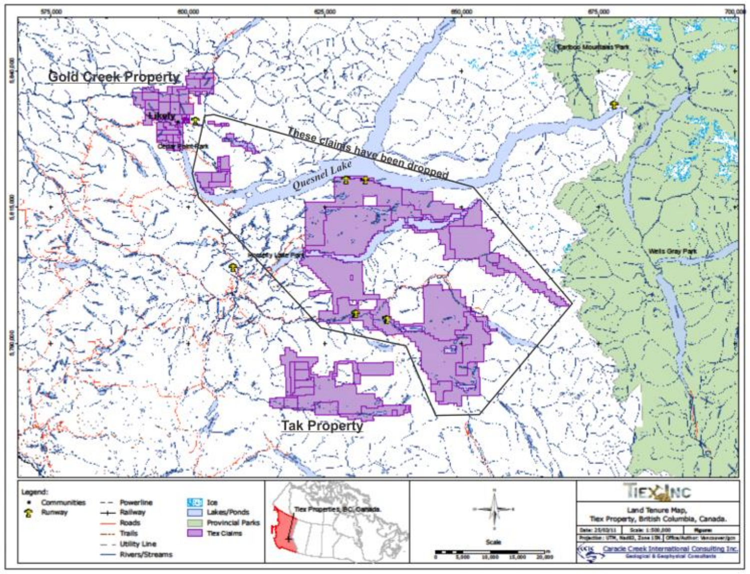


Figure #1 - Land Holdings in the Quesnel Trough

1. Gold Creek Property

This property consists of 19,544 hectares and occurs to the south, west and north of the village of Likely, which is located 66 kilometres (or "km") north-northwest of the town of Williams Lake, British Columbia. It is on strike with the Spanish Mountain deposit, 2.2 million Oz Aug Measured and Indicated and 4.0 million Oz Aug Inferred.

On November 14, 2016, the Company entered into an agreement to option its Gold Creek Property to Eureka Resources Inc. ("Eureka") with the option to earn up to a 100% interest in the property in a series of three stages:

i. a 49% interest by incurring a minimum of $30,000 in exploration expenditures on the property by November 14, 2016 (incurred);
ii. an additional 26% interest, for a total of 75%, by issuing 50,000 common shares in Eureka to the Company (issued) and incurring an additional $50,000 in exploration expenditures by August 31, 2017 (incurred); and
iii. an additional 25% interest, for a total of 100%, by issuing 100,000 common shares in Eureka to the Company (issued) and incurring an additional $50,000 in exploration expenditures by August 31, 2018 (incurred).

Eureka now holds a 100% interest in the Gold Creek project. The Company retains a 1% net smelter royalty of which Eureka may purchase 0.5% for $1,000,000.

2. Tak Copper-Gold Porphyry Target

This property occurs in the area of the village of Horsefly, which is 52 km northeast of the town of Williams Lake. This property is a porphyry target with 3.5 sq. km Cu in soil and aeromagnetic anomaly.

Copper-gold porphyry discoveries have attracted both Gold Fields and Newmont to this area and recent discoveries have been made in the southeast zone located in the northern Takomkane Batholith. The Company's 16,694-hectare property adjoins the Woodjam JV/Gold Fields property and is staked along the northern contact with the Takomkane Batholith. See below (Figure #4).

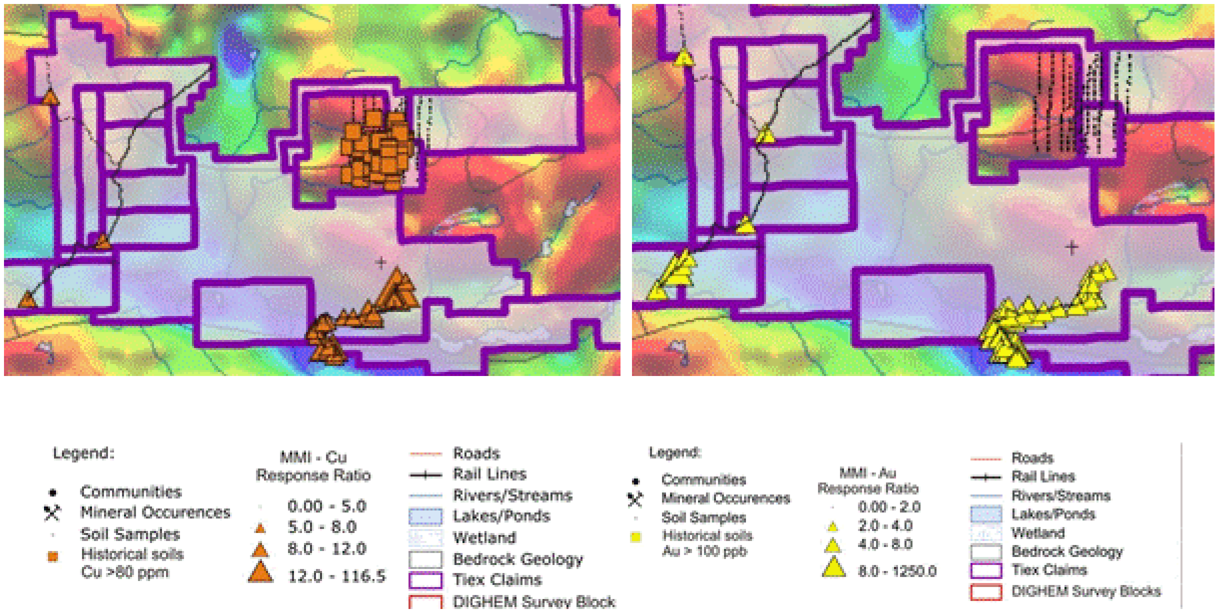
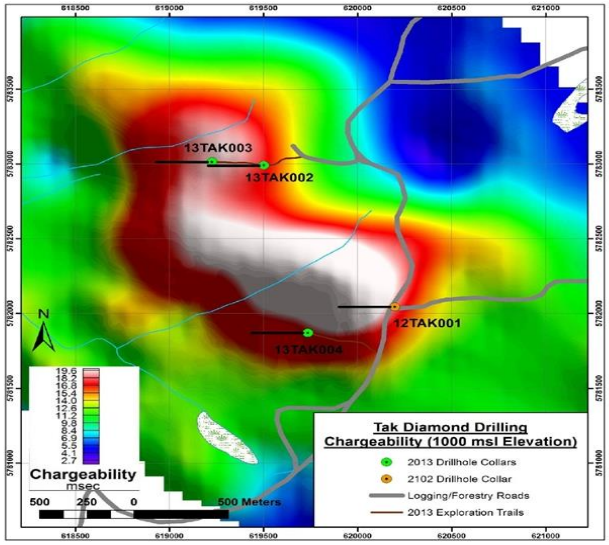


Figure #4 Tak conventional geochemical / MMI (Mobil Metal Ion) copper and gold results.

All recent exploration on this property was carried out by Newmont Canada Corporation (“Newmont”), a subsidiary of Newmont Mining Corp. who had optioned the property in the spring of 2011, but decided not to continue with the option agreement in the fall of 2013. All the data and information on the work that Newmont had carried out was delivered to the Company. The work consisted of the following:

- In 2011, a helicopter borne magnetic and radiometric survey consisting of 2,451 line-km done at a line spacing of 100 meters and covering about 230 square kilometres. The geophysical datasets provide a structural and igneous framework for future exploration in the district and should provide a regional understanding of geology in an area with limited outcropping. The airborne data delineated three large areas of anomalous magnetic high response that Newmont followed up on. These areas include two in the eastern part of the Bullion/Tak claim block and an area nearest the Woodjam property in the extreme northwest corner of the claim block.
- In 2012, line cutting followed by IP surveying on two different grids, as well as soil sampling. This resulted in a large IP anomaly on the Tak grid with mixed correlation with soil sampling highs. The Newmont exploration team thought the mixed correlation was due to a thick cover of glacial till.
- In 2012, one diamond drill hole followed up with three diamond drill holes in 2013. They were drilled to depths of 400 to 500 meters for a total amount of drilling of 1,854 meters. The purpose was to test an IP high for economic mineralization, but no significant mineralization was encountered. The Company directors believe that the IP high needs more drilling in order to properly test it, and therefore the Tak Property is considered to be of strong exploration interest.



Outlook

The Company will need to raise additional funds in 2018 to continue acquiring assets and paying general and administrative expenses. See Events Occurring after December 31, 2017 for details on the Company's focus for 2018.

Operations

There were no significant changes to the operations of the Company during the year ended December 31, 2017. The Company continues to take an aggressive approach in looking for financing options and strategic partnerships.

Summary of Quarterly Results

The following results are for the quarterly periods up to December 31, 2017:

Quarter Ending	Total Assets ($)	Net Income (Loss) ($)	Earnings (Loss) per Share ($)
December 31, 2017	261,802	(235,178)	(0.01)
September 30, 2017	438,066	(206,607)	(0.01)
June 30, 2017	24,255	(26,464)	(0.00)
March 31, 2017	21,584	(30,123)	(0.00)
December 31, 2016	20,142	(125,125)	(0.01)
September 30, 2016	15,796	(33,535)	(0.01)
June 30, 2016	17,637	18,570	0.01
March 31, 2016	19,542	(36,071)	(0.01)

Note: The losses for the disclosed quarters are the result of the operating expenses incurred in the quarters. The amounts of the Company's operating expenses are directly related to the level of financial resources available and the exploration programs that have been undertaken. The magnitude of these expenses is a direct function of general financial market conditions, as well as previous exploration work.

Selected Annual Financial Information

The following selected financial information was obtained from the annual consolidated financial statements of the Company for years ended December 31, 2017, 2016 and 2015.

For the years ended:	December 31, 2017	December 31, 2016	December 31, 2015
a) Total revenues	Nil	Nil	Nil
b) Loss before deferred taxes	$498,372	$176,161	$101,582
c) Comprehensive loss for the year	$501,372	$176,161	$101,582
d) Basic and diluted loss per share	$0.03	$0.02	$0.04
e) Total assets	$261,802	$20,142	$21,669
f) Total long-term financial liabilities	Nil	Nil	Nil
g) Cash dividends per share for each class of share	Nil	Nil	Nil

Operational Results

The Company had working capital of $160,381 as of December 31, 2017 (2016 - working capital deficit of $302,119).

As of December 31, 2017, the Company was not committed to incur any Canadian Exploration Expenses.

For the Three Months Ended December 31, 2017

For the three months ended December 31, 2017, the Company had a net loss of $235,178 and comprehensive loss of $238,178 compared to a net loss and comprehensive loss of $125,125 for the same period in 2016. The changes for the three months ended December 31, 2017 and 2016 are as follows:

- Consulting fees of $104,750 (2016 - $nil) increased as consultants were engaged in 2017 following the financing;
- Management fees of $35,000 (2016 - $22,500) increased due to higher CEO fees;
- Professional fees of $10,000 (2016 - $2,300) increased due to timing of expenditures;
- Regulatory fees of $1,397 (2016 - $2,458) were consistent period to period; and
- Share-based payments of $76,192 (2016 - $93,270) decreased due to fewer stock options granted, despite having higher fair values.

For the Year Ended December 31, 2017

For the year ended December 31, 2017, the Company had a net loss of $498,372 and comprehensive loss of $501,372 compared to a net loss and comprehensive loss of $176,161 for the same period in 2016. The changes for the years ended December 31, 2017 and 2016 are as follows:

- Consulting fees of $133,250 (2016 - $nil) increased as consultants were engaged in 2017 following the financing;
- Management fees of $112,500 (2016 - $90,000) increased due to higher CEO fees;
- Professional fees of $11,342 (2016 - $16,033) decreased due to a reduction of legal fees;
- Regulatory fees of $14,549 (2016 - $25,688) were lower due to less filings required in 2017; and
- Share-based payments of $161,606 (2016 - $93,270) increased due to higher fair values, despite fewer options granted.

The Company also recorded a loss on settlement of debt in 2017 of $170,833 compared to a gain on settlement of debt in 2016 for $49,376. This related to the shares for debt settlements and was due to the trading price of the shares on the date the shares were issued exceeding or being below the price used in the settlement agreements.

In 2017, the Company also recorded a write-off of accounts payable of $47,000 and a write-off of due to related parties of $59,881 related to releases of debt owing by the Company, and a gain on sale of exploration and evaluation assets of $7,500 due to the common shares of Eureka received on the Gold Creek property that had been previously written off.

Outstanding Share Data

The Company had the following securities issued and outstanding:

	April 16, 2018	December 31, 2017	December 31, 2016
Common shares	18,370,404	18,299,313	12,886,646
Warrants	3,110,842	3,181,933	-
Stock options	900,000	750,000	1,248,000
	22,381,246	22,231,246	14,134,646

Liquidity and Capital Resources

As of December 31, 2017, the Company had working capital of $160,381 (2016 - working capital deficit of $302,119).

As a mining exploration company without revenue, the Company's operations are dependent on its ability to raise financing and its ability to realize assets and discharge liabilities. While it has been successful in the past, there is no assurance that the Company will be successful in obtaining future sources of funding.

For the year ended December 31, 2017, the Company:

- Completed a shares for debt settlement by issuing 1,366,667 common shares in settlement of $102,500 in accounts payable, realizing a loss on debt settlement of $170,833;
- Completed a private placement by issuing 3,055,000 common shares for gross proceeds of $458,250; and
- Received $89,190 on the exercise of 991,000 share options.

Subsequent to December 31, 2017, the Company received proceeds of $17,773 on the exercise of 71,091 warrants.

Related Party Transactions

At December 31, 2017:

- $3,137 in exploration work (2016 - $3,137) is due to a company controlled by a former director;
- $nil in management fees (2016 - $31,500) is due to a company in which the CFO is a director;
- $11,100 in management fees and rent (2016 - $nil) is due to a company in which the CEO is a director;
- $nil (2016 - $78,750) is due to a company controlled by the former CEO related to management fees; and
- $nil (2016 - $20,950) is due to a company controlled by the former CEO for expenses incurred on behalf of the Company.

Additionally, $nil (2016 - $17,411) included in loans payable is due to companies controlled by current and former officers and directors. The loans are all due on demand and have no other terms or conditions attached, including no interest.

<u>Key Management Compensation</u>

During the years ended December 31, 2017 and 2016, the compensation shown below was paid or accrued to the Company's current and former CEOs and current and former CFOs:

	2017	2016
Management fees	$ 112,500	$ 90,000
Share-based payments	$ 72,214	$ -

During the year ended December 31, 2017, the CFO and former CEO assigned due to related parties of $102,500 (2016 - $nil) to arm's length parties. The amount was eventually settled with common shares of the Company. Additionally, the CFO and former CEO agreed to write-off $59,881 (2016 - $nil) included in due to related parties.

Critical Accounting Estimates

The preparation of the 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 outcomes could differ from these estimates. The consolidated financial statements include estimates that, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout the consolidated 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

b) The Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. The Company has not recognized any deferred tax assets at December 31, 2017 or 2016.

New Accounting Pronouncement Adopted

<u>Amendments to IAS 7 *Statement of Cash Flows*</u>

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is effective for reporting periods beginning on or after January 1, 2017.

Future Accounting Pronouncements Not Yet Adopted

The following standards and interpretations have not been in effect, as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. Additional amendments include introduction of a new hedge accounting model and a new expected-loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 *Leases*

IFRS 16 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 *Leases*. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

Financial Instruments and Other Instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. As of the date hereof, the Company's investment in resource properties has full exposure to commodity risk, both upside and downside.

The Company's financial instruments consist of cash, marketable securities, promissory note, reclamation deposit, accounts payable and accrued liabilities, loans payable and due to 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 these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production, and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors that will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project that the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new property.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If an exploration program on the Company's property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to mineral properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

The Company may need to acquire further permits or licenses necessary to carry on proposed exploration activities on the property. A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

Competition

The Company will compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of assets and businesses, as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. 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 acquiring an asset or business; requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, our lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of any asset or business acquired to operate as anticipated; delays in financing or incompletion of business or asset acquisition, 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 judgment regarding the direction of the Company'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 to conform these statements to actual results.

Events Occurring after December 31, 2017

a) Subsequent to December 31, 2017, the Company received proceeds of $17,773 on the exercise of 71,091 warrants.

b) On February 20, 2018, the Company issued 150,000 stock options to a director at an exercise price of $0.30 per unit with an expiry date of February 20, 2023.

c) On March 6, 2018, the Company announced that it had entered into a letter of intent (the "LOI"), which sets out the basic terms and conditions for the acquisition by the Company of all of the issued and outstanding common shares in the capital of Vertical Designs Ltd. ("Vertical") and its wholly owned subsidiaries Vertical Designs Alberta Ltd. ("Vertical Alberta") and Vertical Designs Aruba Inc. ("Vertical Aruba") and, together with Vertical and Vertical Alberta (the "Vertical Group") in exchange for common shares in the capital of the Company (the "Acquisition"). The Acquisition is expected to be structured as a reverse takeover ("RTO") under the rules and policies of the TSX-V. Upon successful completion of the RTO, the Company will cease operations as a mineral exploration company and will begin operating in the agriculture industry, as further detailed below.

   Vertical is an arm's length British Columbia-based private company that holds a license to use certain proprietary farming technology. Vertical is the sole shareholder of Vertical Aruba.

   Vertical Alberta is an arm's length Alberta-based private company and the wholly owned subsidiary of Vertical. Vertical Alberta has a license to build a mass food growing facility in Alberta.

   Vertical Aruba is an arm's length Aruba-based private company and the wholly owned subsidiary of Vertical. Vertical Aruba holds land interests in Aruba and expects to receive a license to produce and sell food in Aruba and other countries in the Caribbean.

   The Company, Vertical Group and the shareholders of Vertical have entered into the LOI, which sets out certain terms and conditions pursuant to which the proposed Acquisition will be completed. The transaction terms outlined in the LOI are non-binding, and the Acquisition is subject to the parties successfully entering into a definitive agreement (the "Definitive Agreement") in respect of the Acquisition on or before April 30, 2018, or such other date as the Company and Vertical Group may mutually agree.

   The LOI also contemplates other material conditions precedent to the closing of the Acquisition (the "Closing"), including the completion of a concurrent financing to raise aggregate gross proceeds of at least $3,000,000 (the "Concurrent Financing"), customary due diligence, compliance with all applicable regulatory requirements, and receipt of all necessary regulatory, corporate, third-party, board and shareholder approvals being obtained.

It is anticipated that the Closing will involve, among other things, the following steps, which may be amended if the parties mutually agree that such form would better satisfy their objective (including but not limited to, tax efficiency to the parties):

- The shareholders of Vertical will receive common shares in the capital of the Company (the "Bullion Shares") in exchange for their common shares in the capital of Vertical (the "Vertical Shares") on the basis of one Bullion Share for each Vertical Share, for up to a total of 30,000,000 Bullion Shares;
- Upon Closing, finders' fees of up to $450,000 will be payable to eligible finders through the issuance of Bullion Shares;
- Completion of the Concurrent Financing of units of Bullion (the "Units") at a price of not less than $0.30 per Unit, with each Unit consisting of one Bullion Share and one common share purchase warrant (a "Warrant"), and each Warrant entitling the holder thereof to purchase one additional Bullion Share (a "Warrant Share") at a price of $0.45 for a period of 24 months from Closing;
- Receipt of all director, shareholder and regulatory approvals relating to the Acquisition and the Concurrent Financing, including, without limitation, the approval of the TSX-V;
- Each of the parties shall have executed, delivered and performed their respective covenants as outlined in the Definitive Agreement, and all representations and warranties of each party contained in the Definitive Agreement shall be true and correct at the time of Closing;
- The parties will be seeking a waiver from the TSX-V of any requirement for a sponsor, but in the event a waiver is not available, will seek a sponsorship relationship for this Acquisition with a TSX-V member firm; and
- Certain of the Bullion Shares issuable pursuant to the Acquisition may be subject to the escrow requirements of the TSX-V and to hold periods as required by applicable securities laws.

Trading in the Company's shares has been halted in compliance with the policies of the TSX-V. Trading in the Company's shares will remain halted pending the review of the proposed Acquisition by the TSX-V and satisfaction of the conditions of the Exchange for resumption of trading. It is likely that trading in the shares of the Company will not resume prior to Closing.

Proposed Transactions

See Events Occurring after December 31, 2017.

Off-Balance Sheet Arrangements

None.