

**RIVERSIDE RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

INTRODUCTION

The management's discussion and analysis of the financial condition and results of operations ("MD&A") focuses upon the activities, results of operations, liquidity and capital resources of Riverside Resources Inc. (the "Company" or "Riverside") for the year ended September 30, 2016. In order to better understand the MD&A it should be read in conjunction with the audited financial statements and related notes for the year ended September 30, 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to January 25, 2017 and in Canadian dollars unless otherwise stated.

Additional information relating to the Company, including its Information Circular for the financial year ended September 30, 2016, is available under the Company's profile on SEDAR at www.sedar.com.

Forward-Looking Statements

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

CORPORATE OVERVIEW

The Company is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol "RRI" and is engaged in the acquisition, exploration and development of exploration and evaluation assets in the Americas including Canada, the United States and Mexico where the technical team collectively has more than 100 years of exploration experience and has been part of more than five discoveries that have found mineral resources and gone into production.

The Company combines the experience of mine discoverer John-Mark Staude (President, CEO, Director) with the finance and business management expertise of Rob Scott (CFO), Brian Groves (Director), James Clare (Director), Michael Doggett (Director), Walter Henry (Director) and Carol Ellis (Director). Management has experience in developing significant shareholder value and they have assembled a team that can build a valuable and successful organization.

CAPITAL STOCK

As at September 30, 2016, the Company had \$20,980,091 in capital stock and 37,409,778 common shares outstanding.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the year ended September 30, 2016 included the following:

- (a) 320,000 bonus shares were issued at a value of \$48,000 to certain officers and consultants in accordance with the Company's shareholder approved bonus share plan.
- (b) 1,465,000 options expired unexercised, and 403,000 options were forfeited.
- (c) 955,000 options were granted, exercisable at a price of \$0.145 per common share for a period of 5 years.
- (d) 38,000 options were exercised for gross proceeds of \$10,260.
- (e) Subsequent to the year-end, 1,070,000 options were granted, exercisable at a price of \$0.42 per common share for a period of 5 years.

Stock option and performance bonus share activity for the year ended September 30, 2015 included the following:

- (a) 40,000 bonus shares were issued in 2015 at a value of \$14,000 to certain executive officers as a performance bonus accrued in 2014.
- (b) 1,087,000 options were granted at \$0.27 per common share for a period of 5 years.
- (c) 297,500 options were forfeited.

Warrants

There was no share purchase warrant activity for the year. As of September 30, 2016, the Company had no warrants outstanding (2015 – nil).

OPERATIONS

Mexico

The Company's exploration team remains active in Mexico and continues to cost effectively build a strong portfolio of gold, silver and copper exploration assets. The Company continues to focus on NW Mexico where it has multiple exploration partners funding programs focused on gold, silver and copper.

Tajitos Gold Project, Sonora, Mexico

The Tajitos Gold Project consists of two concessions blocks: Tajitos and El Tejo. The Tajitos Project hosts an extensive and well mineralized gold system in northwestern Mexico. The project was identified using a combination of the Company's Mexico mineral databases, local geologic knowledge, historic production data, and extensive personal networks.

The Company completed a ground magnetic survey which showed favourable indications that the prospective trend of gold-rich Mesozoic volcanosedimentary mineralization extends to the southeast under shallow post-mineralization cover. On October 14, 2015, the Company signed an option agreement with Centerra Exploration B.V. ("Centerra"), and five months later in March of 2016, the Company and Centerra commenced drilling on the property. On May 17, 2016, the Company and Centerra announced results from eight (8) diamond core holes totalling 1,832 metres. Highlighted intercepts from the core drilling included (reported intervals are approximate true width):

- T16-001D, 3.00 metres @ 1.14 g/t gold starting at 297.00 metres depth (hole ended in mineralization);
- T16-002D, 11.10 metres @ 0.78 g/t gold starting at 185.90 metres depth;
- T16-005D, 3.00 metres @ 6.12 g/t gold starting at 48.00 metres depth;
- T16-008D, 1.50 metres @ 6.03 g/t gold starting at 42.00 metres depth;

Mineralization intersected in the Tajitos drilling correlates with fault zones and lithologic contacts and further drilling is required to determine the mineralization extent and tenor. Initial evaluation of trace elements from 6 of the holes and surface sampling show an enrichment in As, and Sb within the gold zone and in the footwall below gold enriched zones. The core drilling at Tajitos provides key structural and stratigraphic information permitting updated fault control modeling and detailed investigation of alteration patterns and paragenesis of the gold mineralization. Please visit the Tajitos Project Page to view a drill hole location map, cross sections and additional photos and figures.

A program of reverse circulation drilling in the Tejo area was designed to determine the depth to bedrock and 1,728 metres were completed in 12 holes. The Tejo drilling determined depth to bedrock ranges from a few metres to over 200 metres deep. The intersected bedrock includes the same stratigraphic units which host gold mineralization at the Tajitos target and similar alteration is observed in both areas.

On June 7, 2016, the Company announced that Centerra had terminated the option after funding more than \$500,000 into drilling and exploration. The Company is free to advance the Tajitos Project as it wishes and will continue to follow its prospect generator business approach and explore new partnership opportunities.

Peñoles Project, Durango, Mexico

On January 15, 2015, and March 31, 2015, the Company extended the option agreement exercise date with Morro Bay Resources Ltd. ("Morro Bay") from December 31, 2014 to March 31, 2015 and subsequently to May 1, 2015. The final payment of \$750,000 (payable in cash or shares at Morro Bay's election provided Morro Bay shares are valued at \$0.05 or greater) was also extended to May 1, 2015. On May 5, 2015, the Company announced that Morro Bay exercised the option by making the final payment of 15,000,000 common shares of Morro Bay. As a result, Riverside had ownership and control over 28,841,109 common shares of Morro Bay.

The US\$1,250,000 and CAD\$100,000 cash payments previously required to be paid by December 31, 2014 were applied as a credit for Riverside towards initial joint venture expenditures under the joint venture. Morro Bay was required to incur a minimum of \$750,000 in joint venture expenditures for each of the first three years of the Joint Venture. Morro Bay failed to meet the minimum required joint venture expenditures and the Company issued a default notice as announced on June 7, 2016. On June 30, 2016, the Company announced that it had returned 80% of the common shares issued by Morro Bay to Riverside and exercised its right to take back 100% ownership in the Project. As a result, Riverside holds 8,733,001 common shares of Morro Bay, which represented approximately 9.5% of Morro Bay's issued and outstanding shares at the time of the announcement.

The Company's management team had already completed numerous amendments with Morro Bay and felt this course of action was in the Company's best interest to ensure that the asset could be advanced and explored by the Company or funded through a new partnership.

Please visit the Company's website and SEDAR filings for further information on the resource estimate and all of the previously completed exploration and drill programs at the Peñoles Property.

Glor Gold Project

The Company's Glor Project is located in Sonora, Mexico, and was initially acquired and funded as part of the Company's past strategic alliance with Hochschild Mining. On May 4, 2016, the Company provided an exploration update on work completed on the Project. Riverside has completed several campaigns of exploration work on the property, including detailed geologic and alteration mapping, rock-chip and channel assays, orientation ground magnetic surveys, reprocessing of regional high-resolution airborne magnetic surveys, and a soil sampling survey over the southwestern portion of the property. Riverside has collected 155 rock-chip samples, with assays ranging from less than 0.005 gram per tonne to 18.85 grams per tonne gold. On July 25, 2016, the Company announced that it had entered into an option agreement with Minera Centerra S.A. de C.V. ("Minera Centerra"). Minera Centerra will have the opportunity to earn a 70-per-cent interest in the project by funding \$3.5-million (U.S.) in exploration work over the next four years. Riverside has completed mapping and sampling work on the project, and will continue as the project manager for at least the first two years of the agreement with Minera Centerra.

In August 2106 Minera Centerra approved an initial program of \$250,000 (USD) that was to include additional mapping focused on geology definition within previously generated target concepts, 1,000 soil samples and 136 line-km of ground magnetics surveying planned for the target zones. The magnetics data was to be followed up with 20 line-kms of induced polarization (IP) surveying and 1,800 metres of channel sampling (3m long samples) for a total of approximately 600 rock samples.

In November 2016, subsequent to year end, the Company released results from the initial parts of the program. Geologic mapping and soil sampling defined a gold-in-soil anomaly and a zone of hydrothermally altered rocks that is more than 2km long. The Induced Polarization (IP) survey also returned positive results; a zone of anomalous chargeability that in extent closely matches the soil geochemistry anomaly has been defined by the survey.

The 926 field soil samples were collected at 50 meter intervals along the survey lines. Particularly noteworthy is a linear, NNW-trending multi-element anomaly defined in the northern part of the property by soils containing elevated concentrations of Au, Ag, As, Pb, Zn and Mn. The anomaly is about 2.2 kilometres in length, 150-350 meters wide, and follows the trend in this area of magnetic survey patterns and the strike of deformed and hydrothermally altered Mesozoic sedimentary rocks. Assay values for peak gold-in soil anomalies are in the range of 100-150 ppb Au. Additional, northerly trending Au-in-soil anomalies, 1.0-1.4 km in length, have been outlined in the central and western parts of the property.

The work program funded by Minera Centerra continues on the project and additional results are expected through to June 2017.

A brief summary of the project and previous disclosures are available on the Company's website.

Clemente Silver - Gold Project

The Company's Clemente project is an early stage exploration property located in Sonora, Mexico. On August 23, 2016, the Company entered into a Letter of Intent ("LOI") with Silver Viper Minerals Corp. ("Silver Viper") whereby Silver Viper will acquire a 100% interest in the Clemente property. Subsequent to the year-end, on December 2, 2016, the Company entered into an Option Agreement with Silver Viper, whereby Silver Viper will need to pay cash of \$796,500 (\$86,500 received), issue 2,000,000 common shares to the Company (1,000,000 common shares received), and incur \$4,000,000 in aggregate exploration expenditures within five years of signing the Definitive Agreement.

La Silla Gold - Silver Project

On November 17, 2015, the Company announced that it had won the right to stake concessions in the La Silla gold district in Sinaloa, Mexico. On June 29, 2016, the Company announced results from initial rock sampling with assays ranging from less than 0.05 gram per tonne gold up to 7.24 g/t gold and less than 0.05 gram per tonne silver up to 148.4 g/t silver. The Company is exploring partnership potential with other land owners in the district. A brief summary of the project and previous disclosures are available on the Company's website.

Antofagasta Exploration Alliance, Sonora, Mexico

The Company and Antofagasta Minerals PLC have reached the conclusion of the generative Alliance, but remain partners on the Thor Project located in Sonora, Mexico. Thor is a Laramide aged porphyry copper target that the Company identified during field evaluations, with initial rock chip sampling returning copper values up to 0.9%. On April 13, 2015, the Antofagasta Mexico Alliance designated the Thor porphyry copper project, as a designated project and agreed to finance up to \$500,000 (U.S.) for a phase I exploration program on the project. The Company has received title and permits in the summer of 2016.

In May through September 2016 period Company geologists, worked in close collaboration with Antofagasta geologists, to complete initial detailed field mapping, prospecting and rock chip sampling program. Results were promising and resulted in drill targets being defined.

A total of 149 surface rock chip samples we collected. from outcropping areas in the southern target area and returned anomalous copper (Cu) values including 0.41%, 1.11% and ranging up to 1.47% Cu. Samples from the southern target area also returned variable elevated gold ranging from less than detection limit up to 0.7 g/t Au.

Target analysis from Riverside's regional stream sediment sampling now defines areas for more extensive field review.

In October 2016, subsequent to year end, a ground magnetic susceptibility survey covering 18 square kilometers of the project was completed by the Company personnel on behalf of the joint venture. The survey data was reviewed, processed and interpreted by Reno-based Ellis Geophysical Consulting Inc. ("EGC"). The interpretation work done by EGC has been combined with geological and geochemical data previously obtained from the Project by the Alliance, resulting in the definition of a number of promising porphyry copper drill targets.

In late October 2016, subsequent to year end, an initial diamond drilling campaign designed to test three separate target areas. The planned program was to consist of 1,200 meters of core drilling and Major Drilling de Mexico S.A. de C.V. was been contracted to perform the program. The program has now been completed and the Company and its partner are awaiting results.

The scientific and technical data contained in the property descriptions pertaining to the Company's Mexico portfolio were reviewed by Locke Goldsmith, P. Eng., P. Geo., an independent qualified person to Riverside Resources, who is responsible for ensuring that the geologic information provided in this section of the Management Discussion and Analysis is accurate and acts as a "qualified person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

USA

Sugarloaf Peak Project, Arizona, USA

The Sugarloaf Peak Project ("Sugarloaf") has the potential to host a large, low-grade, bulk-tonnage gold deposit with additional porphyry copper-gold targets discovered during previous partner funded exploration.

In March 2016, the Company completed the sale of the Sugarloaf Project to Croesus Gold Corp ("Croesus"). As a result, Croesus earned an undivided 100% interest in the property with the Company receiving 6,000,000 Croesus common shares, \$700,000 in cash and retaining a 2% NSR. On October 28, 2016, subsequent to the year end, the Company sold 3,000,000 Croesus shares for \$650,000.

For additional information on the agreement and the Sugarloaf Peak Project please visit the Company's website and SEDAR filings.

The scientific and technical data contained in the property descriptions pertaining to the Company's Sugarloaf Peak Project were reviewed by Locke Goldsmith, P. Eng., P. Geo., an independent qualified person to Riverside Resources, who is responsible for ensuring that the geologic information provided in this section of the Management Discussion and Analysis is accurate and acts as a "qualified person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects.

CORPORATE

On February 19, 2016, Mr. William Lee resigned as a Director of the Company. On June 2, 2016, Ms. Carol Ellis and Mr. Walter Henry were appointed to the Company's Board of Directors.

Ms. Ellis consults on mining, exploration and venture strategy and is based in Vancouver. Ms. Ellis has diverse experience in the junior resource sector, recently as an investment banker with a full service dealer headquartered in Vancouver, and previously as a manager with the TSX Venture Exchange, a mining analyst with a boutique investment company and as vice-president investor relations with a junior resource company. She started her career as a geologist with the federal government in Yellowknife, NWT, promoting mineral exploration in Canada's north. She holds a B.Sc. in Geological Sciences; an MBA from Queen's University and is a Professional Geoscientist. Ms. Ellis is a past Director of AME BC.

Mr. Henry is currently President of Frontline Gold Corporation, holds a BA in Political Science/Economics, and has several years' experience in the finance and mining industries. He served with CIBC, BNP Paribas, and PriceWaterhouseCoopers where he managed portfolios and arranged project financing totaling over \$1 billion. Since 2003, he has since held executive positions with Tiberon Minerals, Royal Nickel Corporation, Alturas Minerals, and Satori Resources Inc. He currently holds various Chairman, Audit Committee Chairman and Director roles, in the

following companies: Alexandria Minerals Corporation, Alturas Minerals Corp., Merrex Gold Corp, and Platinex Inc. Mr. Henry has completed the requirements of the CFA program and Institute of Corporate Directors - Director Education Program.

On May 13, 2016, Dr. Greg Myers resigned as Vice President of Exploration to pursue other interests. On September 6, 2016, Mr. Ron Burk was appointed as Vice President of Exploration.

Mr. Burk has 30 years of work experience in the minerals industry, primarily focused on generating and evaluating exploration properties. He most recently worked at Centerra Gold Inc. as VP of Exploration. Prior to this, he held the positions of VP, Exploration and Chief Geologist at Silver Standard Resources Inc. where he contributed to discoveries that resulted in the definition of a world-class silver resource at the Pitarrilla project in Durango, Mexico and major gold resources forming the Snowfield and Brucejack deposits in northern British Columbia, Canada.

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Company at September 30, 2016 and for each of the prior two fiscal years prepared in accordance with IFRS. The selected consolidated financial information should be read in conjunction with the audited consolidated financial statements of the Company.

Canadian Dollars	2016	2015	2014
Finance, property and other income	\$ 20,529	\$ 60,934	\$ 331,857
Net income (loss)	762,558	(2,861,752)	(2,241,817)
Net earnings (loss) per share, basic and fully diluted	0.02	(0.08)	(0.06)
Cash and short-term investments	5,061,198	4,259,230	6,277,611
Total assets	7,952,816	7,416,756	10,857,453
Long term debt	-	-	-
Dividends	-	-	-

The Company is in the exploration stage. The net income in 2016 was primarily due to the recovery on exploration and evaluation assets and an unrealized gain on the held-for-trading securities that the Company received through option agreements.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Year ended September 30

For the year ended September 30, 2016, the Company had a net income of \$762,558, resulting in earnings per share of \$0.02. The gain was related to finance income of \$20,204, other income of \$325, an unrealized gain on short-term investments of \$591,409, and recovery on exploration and evaluation assets of \$1,265,863, which were offset by operating expenses of \$1,028,646 and a foreign exchange loss of \$86,597.

For the year ended September 30, 2015, the Company incurred a net loss of \$2,861,752, resulting in a loss per share of \$0.08. The loss was attributable to operating expenses of \$1,156,490 before considering the effect of the foreign exchange gain of \$81,045, an unrealized loss on short-term investments of \$1,006,544*, write-down of exploration and evaluation assets of \$479,062, write-down of loan receivable of \$150,000, write-down of other receivables of \$11,635, and write-down of short-term investments of \$200,000, which were offset by finance income of \$55,446 and other income of \$5,488.

Fourth quarter ended September 30

For the quarter ended September 30, 2016, the Company had a net income of \$998,726, resulting in earnings per share of \$0.03. The gain was related to finance income of \$1,162, other income of \$175, an unrealized gain on short-term investments of \$875,906, and a recovery of short-term investments of \$400,000, which were offset by operating expenses of \$258,453 and a foreign exchange loss of \$20,064.

For the quarter ended September 30, 2015, the Company incurred a net loss of \$1,396,525, resulting in a loss per share of \$0.04. The loss was attributable to operating expenses of \$324,382 before considering the effect of the foreign exchange loss of \$67,037, an unrealized loss on short-term investments of \$867,698*, reduction of the write-down of exploration and evaluation assets of \$17,767 due to the effect of foreign exchange, write-down of loan receivable of \$150,000, write-down of other receivables of \$11,635, write-down of short-term investments of \$200,000, and finance expense of \$3,896, which was offset by other income of \$10,356.

*Marketable securities included in short-term investments consist of shares received as property option payments from the Company's farm-out partners. The unrealized gain or loss on short-term investments changed significantly when compared to the prior years due to the volatile market conditions.

Exploration

The Company capitalizes all exploration costs relating to its resource interests whereas pre-exploration costs are expensed as incurred. During the year ended September 30, 2016, the Company recorded \$975,756 in acquisition and exploration of its properties as follows:

• US		
○ Sugarloaf Peak	\$	34,657
• Mexico		
○ Peñoles	\$	477,683
○ Tajitos	\$	255,115
○ Clemente	\$	38,734
○ La Silla	\$	109,384
○ Glor	\$	54,983
○ Bacoachi	\$	5,200

The Company recovered \$432,001 of the acquisition and exploration expenditures through option agreements with partners on various properties during the year ended September 30, 2016, which reduced the cumulative exploration costs.

During the year ended September 30, 2015, the Company recorded \$480,787 in acquisition and exploration of its properties as follows:

• US		
○ Sugarloaf Peak	\$	81,902
• Mexico		
○ Peñoles	\$	169,955
○ Tajitos	\$	183,243
○ Clemente	\$	25,886
○ Sierra Salada	\$	19,801

The Company recovered \$1,055,120 of the acquisition and exploration expenditures through option agreements with partners on various properties during the year ended September 30, 2015, which reduced the cumulative exploration costs. In addition, \$479,062 was written-off to operations in regards to the Coatan and Sierra Salada properties.

Full particulars of the deferred exploration costs are shown in Note 10 to the Financial Statements.

Recoveries and Other Income

During the year ended September 30, 2016, the Company received \$692,000 in cash and 4,000,000 Croesus Gold Corp. shares valued at \$400,000 with respect to the option agreement on the Sugarloaf Peak Property. Of the total \$1,092,000 recovered, \$417,001 was offset against the carrying value of the property bringing the balance down to \$nil as at September 30, 2016. The remaining \$674,999 was recorded as a recovery on the exploration and evaluation asset on the statement of operations and comprehensive loss. In addition, the Company recovered \$590,864 from exploration alliances which was recognized in the statement of operations and comprehensive loss. Finance income and other income for the year ended September 30, 2016 were \$20,204 and \$325 respectively.

During the year ended September 30, 2015, the Company received the following, which were recorded as a reduction to the capitalized cost of exploration and evaluation assets:

- \$55,120 with respect to the reimbursement of concession fees on the Penoles Property,
- 15,000,000 Morro Bay Resources Ltd. shares valued at \$750,000 with respect to the option agreement
- 2,000,000 Croesus Gold Corp. shares valued at \$200,000 and \$50,000 in cash with respect to the option agreement on the Sugarloaf Peak Property.

Finance income and other income for the year ended September 30, 2015 were \$55,446 and \$5,488 respectively.

Other income consists of revenues from exploration equipment and vehicle rentals to the alliance programs while acting as the operator on various exploration programs, and gain on the sale of equipment.

Expenses

During the year ended September 30, 2016, the Company incurred \$26,531 in depreciation, \$238,799 in consulting fees, \$48,750 in directors' fees, \$178,863 in investor relations fees, \$115,108 in professional fees, \$50,228 in property investigation and evaluation expenses, \$72,445 in share-based compensation, \$32,683 in travel, \$265,239 in general and administrative expenses. In addition, the Company incurred \$86,597 in foreign exchange loss. The Company earned \$20,204 in finance income, \$325 in other income, and \$591,409 in an unrealized gain on short-term investments, and \$1,265,863 in recovery on exploration and evaluation assets.

During the year ended September 30, 2015, the Company incurred \$41,548 in depreciation, \$232,530 in consulting fees, \$48,000 in directors' fees, \$114,963 in investor relations fees, \$118,728 in professional fees, \$108,951 in property investigation and evaluation expenses, \$124,324 in share-based compensation, \$29,617 in travel, \$337,829 in general and administrative expenses. In addition, the Company incurred \$1,006,544 in an unrealized loss on short-term investments, \$479,062 in exploration asset write-down, \$150,000 in loan receivable write-down, \$11,635 in other receivables write-down, and \$200,000 in short-term investments write-down. The Company earned \$55,446 in finance income, \$5,488 in other income, and \$81,045 in foreign exchange gain.

Compared to the previous year, investor relations and travel expenses were higher due to increased marketing activity in response to rising market conditions. Property investigation and evaluation was lower as the focus of the exploration work in the year was primarily on exploration alliance programs.

General and administrative expenses consist of filing fees, directors fees, rent, general office expenses and administrative services related to maintaining the Company's exchange listing and complying with securities regulations. Rent and general office expenses decreased compared to the prior year as the Company cut costs to conserve capital.

RISKS AND UNCERTAINTIES

In conducting its business the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

Property Risks

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Canada, Mexico and the United States.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. 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. We intend to comply fully with all environmental regulations.

The current or future operations of the Company, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for the operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, 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 mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Fluctuating Mineral and Metal Prices

Factors beyond our control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the exploration activities cannot be predicted. For example, gold prices are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. In addition, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of securities distributed hereunder will be affected by market volatility.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars.

Quarter end	Finance income (expense)	Property and other income (expense)	Unrealized gain/(loss) on short-term investments	Net income (loss)	Earnings (Loss) per share (basic & fully diluted)
30-Sep-16	1,162	175	875,906	998,726	0.03
30-Jun-16	3,133	150	147,830	(112,517)	(0.00)
31-Mar-16	5,622	-	290	261,766	0.01
31-Dec-15	10,287	-	(432,617)	(385,417)	(0.01)
30-Sep-15	(3,896)	10,356	(867,698)	(1,396,525)	(0.04)
30-Jun-15	25,010	(20,424)	(4,205)	(671,486)	(0.02)
31-Mar-15	16,079	14,111	283,637	15,494	0.00
31-Dec-14	18,253	1,445	(418,278)	(809,235)	(0.02)

The net income for the quarter ended September 30, 2016 was primarily due to an unrealized gain on short-term investments. Other than the ongoing costs of the business, the net loss for the quarter ended September 30, 2015 was mainly due to the write-down of loan receivable and unrealized losses on marketable securities in short-term investments.

LIQUIDITY AND CAPITAL RESOURCES

The Company relies on equity financings and exploration alliances for its working capital requirements and to fund its planned exploration and development activities. Management ensures the Company has sufficient cash in its treasury to maintain underlying option payments and keep claims in good standing. Increase in cash for the year ended September 30, 2016 was \$215,140. Working capital as at September 30, 2016 was \$4,315,117. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

Decrease in cash for the year ended September 30, 2015 was \$1,578,948. Working capital as at September 30, 2015 was \$4,070,764.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements or off-balance sheet financing structures in place.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are in the normal course of operations and are recorded at their exchange amount which is the price agreed to between the Company and the directors and officers.

The Company entered into the following transactions with related parties:

Payee	Nature of transactions	Year ending September 30	Fees (\$)	Shares (\$)	Amount payable at year end (\$)
Arriva Management Inc.	Management and consulting fees	2016	234,872	11,250	Nil
		2015	235,000	Nil	Nil
GSBC Financial Management Inc.	Management and consulting fees	2016	170,004	11,250	Nil
		2015	170,004	Nil	Nil
Dorado Minerals	Consulting fees	2016	110,171	5,625	Nil
		2015	153,000	Nil	Nil
Ronald Burk	Consulting fees	2016	15,000	Nil	7,604
		2015	Nil	Nil	Nil
English Bay Capital	Consulting fees	2016	102,000	11,250	Nil
		2015	102,000	Nil	Nil
Michael Doggett	Director fees	2016	12,000	Nil	Nil
		2015	12,000	Nil	3,000
William Lee	Director fees	2016	4,750	Nil	Nil
		2015	12,000	Nil	1,521
Brian Groves	Director fees	2016	12,000	Nil	Nil
		2015	12,000	Nil	Nil
James Clare	Director fees	2016	12,000	Nil	Nil
		2015	12,000	Nil	3,000
Carol Ellis	Director fees	2016	4,000	Nil	Nil
		2015	Nil	Nil	Nil
Walter Henry	Director fees	2016	4,000	Nil	Nil
		2015	Nil	Nil	Nil

At September 30, 2016, the amount payable to Corex Management Inc. was \$2,013 (2015 - \$9,616) for expense reimbursements.

During the year ended September 30, 2015, a loan that the Company had previously made to a private company with a related officer/director, which amounted to \$150,000 including interest and fees, was written off.

CONTRACTUAL AND OTHER OBLIGATIONS

The Company entered into an office lease agreement with a third party for the office in Vancouver, Canada for a 5-year term from March 1, 2013 to February 28, 2018. Total remaining office lease commitments are as follows: \$177,625 in 2017; and \$74,987 in 2018.

PROPOSED TRANSACTIONS

At the present time, there are no proposed transactions that should be disclosed.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 4 to the consolidated financial statements for the year ended September 30, 2016. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

Exploration and Evaluation Assets

Pre-exploration costs are expensed as incurred. The Company records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Company records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, disposed of through sale, or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an on-going basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 1) whether the Company's exploration programs have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect the recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Property option payments received from its farm-out partners are recorded as a reduction to the capitalized cost of exploration and evaluation assets. Once the capitalized cost is recovered, they are recorded as property income. Management fees received pursuant to exploration alliance arrangements are recorded as a reduction in consulting fees.

Impairment of Long-Lived Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Critical Accounting Estimates, Judgments, and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company's assets, liabilities, expenses, and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS. Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's consolidated financial statements:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. That of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax

deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Share-based payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in accumulated other comprehensive loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities: This category includes accounts payables and accrued liabilities, which are recognized at amortized cost.

The Company has classified its cash and short-term investments as fair value through profit and loss. The Company's receivables, loans, and exploration bonds are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

New standards adopted during the year

Effective October 1, 2015, the following standard was adopted but did not have a material impact on the consolidated financial statements:

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

FINANCIAL INSTRUMENTS

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, exploration bonds and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, and short-term investments, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables consist of tax refunds from the Federal Government of Canada and Mexico, in which regular collection occurs, and office expense reimbursements from a company controlled by an officer of the Company. The Company believes its credit risk is equal to the carrying value of this balance.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Company had a cash balance of \$1,997,081 and short-term investments of \$3,064,117 to settle current liabilities of \$1,046,343. As at September 30, 2015, the Company had a cash balance of \$1,781,941 and short-term investments of \$2,477,289 to settle current liabilities of \$445,927. The Company believes it has sufficient funds to meet its current liabilities as they become due.

Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments which comprises interest on GIC's approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. 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. As of September 30, 2016, the Company had investments in short-term deposit certificates of \$1,693,633.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in US dollars (US) and Mexican pesos.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company currently maintains short-term investments, which include marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Sensitivity analysis

The Company operates in Mexico and is exposed to risk from changes in the US dollar and the Mexican peso. A simultaneous 10% fluctuation in the US dollar and Mexican peso against the Canadian dollar would affect accumulated other comprehensive income (loss) for the year by approximately \$330,335.

The Company holds marketable securities and is exposed to risk from changes in the share price of the marketable securities. A simultaneous 15% fluctuation in share prices would affect short-term investments and profit or loss for the year by approximately \$205,573.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 37,409,778 common shares were issued and outstanding as of the date of this MD&A.

The Company has no share purchase warrants outstanding as of the date of this MD&A.

The following summarizes information about the stock options outstanding as of the date of this MD&A:

Number of Options	Option Exercise Price	Expiry Date
575,000	\$0.650	14-Dec-2017
816,000	\$0.270	14-Nov-2019
800,000	\$0.145	07-Jan-2021
1,070,000	\$0.420	16-Dec-2021
3,261,000		