

**RIVERSIDE RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2017**

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 three months ended December 31, 2017. In order to better understand the MD&A it should be read in conjunction with the unaudited financial statements and related notes for the three months ended December 31, 2017 and the audited financial statements and related notes for the year ended September 30, 2017. 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 February 28, 2018 and in Canadian dollars unless otherwise stated.

Additional information relating to the Company, including its Information Circular for the financial year ended September 30, 2017, 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), and Ron Burk (Vice President Exploration) with the finance and business management expertise of Rob Scott (CFO), Brian Groves (Director), James Clare (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 December 31, 2017, the Company had \$24,536,428 in capital stock and 44,409,313 common shares outstanding.

Private Placement

On March 15, 2017, the Company completed a non-brokered private placement consisting of 6,257,367 units at a price of \$0.55 per unit for gross proceeds of \$3,441,552. As part of the financing, the Company issued 152,168 additional units as finders' fees, where 149,168 units were issued on April 24, 2017. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.85 per share. The term of the warrants is subject to an accelerated exercise provision.

Options and Performance Bonus Shares

Stock option and performance bonus share activity for the three months ended December 31, 2017 included the following:

- (a) 760,000 options were granted, exercisable at a price of \$0.28 per common share for a period of 5 years.
- (b) 525,000 options were forfeited.
- (c) 230,000 bonus shares were issued at a value of \$64,400 to certain executive officers and consultants of the Company.

Stock option and performance bonus share activity for the year ended September 30, 2017 included the following:

- (a) 1,070,000 options were granted, exercisable at a price of \$0.42 per common share for a period of 5 years.
- (b) 105,000 options were exercised for gross proceeds of \$22,100.
- (c) 160,000 options were forfeited.
- (d) 55,000 bonus shares were issued at a value of \$24,475 to certain executive officers and consultants of the Company.

Warrants

There were 3,204,767 share purchase warrants outstanding as December 31, 2017 (September 30, 2017 – 3,204,767).

OPERATIONS

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

Cecilia Gold Project, Sonora, Mexico

In January 2017, the Company signed letter agreements with Gunpoint Exploration Ltd. ("Gunpoint") and Millrock Resources Inc. ("Millrock") to consolidate the former company's three Cecilia-Margarita concessions with the Violeta concession into a unified Cecilia Project. The Cecilia Project, located in northeastern Sonora, Mexico, is targeting epithermal gold-silver mineralization associated with a felsic flow-dome complex which is similar in age and composition to volcanic structures associated with the large La Pitarrilla and San Julian silver deposits found in the State of Durango, Mexico. The epithermal gold-silver mineralisation at Cecilia is hosted by silicified breccias and quartz-fluorite veinlets hosted by massive, porphyritic and locally flow-banded rhyolite rocks

The main 778.3-hectare Cecilia-Margarita concession covers four gold-silver target zones. Previous exploration programs focused on only a portion of the Project within an area of less than one square kilometre where some thirty

underground workings and twenty-three diamond drill-holes have tested predominantly gold-bearing quartz veinlet stockworks and hydrothermal breccias hosted by siliceous volcanic rocks. Previous exploration completed by the predecessor to the Geologic Survey of Mexico and Cambior Explorations consisted of geological mapping, extensive surface and underground rock-chip sampling and two diamond drilling programs, one comprising 19 holes drilled in 1995 and an earlier campaign of four drill-holes. Highlights of exploration results reported by the previous operators include:

- 137 of 683 (20%) surface rock-chip samples assaying greater than 0.5 grams gold/tonne (g/t Au), with 72 of the 683 samples (approx. 11%) having assays of greater than 1 g/t Au.
- A semi-continuous series of surface chip-channel rock samples across 119 metres (m) of altered volcanic rock that average 0.86 g/t Au, including 25 m grading 2.19 g/t Au. This sampling tested the North Breccia gold target.
- A drill-hole intersection of the North Breccia zone that averaged 1.41 g/t Au across 30.0 metres starting at 4.0 m in Cambior drill-hole 138-95-08 is one of the better intercepts of mineralization. A second intersection of the North Breccia zone averaged 0.39 g/t Au across 20.0 m starting at 48.0 m in hole 138-95-19.

The Company completed the first phase of self-funded exploration at the project in July of 2017. The sampling done to date has been concentrated at the North Breccia and Central zones, two high-priority gold targets which are ready to progress with further drilling.

A key component of the Company's exploration program at the Cecilia project was to confirm the existence of multiple zones of gold-bearing hydrothermal breccia and quartz stockwork veining that had been sampled decades ago by other groups, including Chesapeake Gold Corp., Cambior Explorations and the Consejo de Recursos Minerales, the predecessor to Mexico's geological survey, *Servicio Geológico Mexicano*. Riverside accomplished this by collecting and analyzing a total of 406 rock samples from the Project's four main gold zones, the North Breccia, Central, West and East Zones. Bedrock exposures in areas surrounding the four prospects were also sampled with the objective of expanding the known zones of gold mineralization. In addition to its own rock sampling, Riverside's geologists compiled and reviewed geological and geochemical data sets that had been generated over a 35-year history of modern exploration at Cecilia.

Results of Riverside's sampling program show clusters of samples with gold concentrations greater than 0.3 g/t Au which clearly confirm the presence of the above-mentioned gold zones. Importantly, gold mineralization at Cecilia is seen to be widespread, occurring over an area that is roughly 1,200 metres by 400 metres, and it is also found over an elevation range of more than 400 metres.

Highlights of the exploration results reported from the first-phase exploration program by the Company include:

- Thirty-three (33) of the 91 samples collected at Cecilia (approximately 36% of the total) yielded gold assays greater than 0.5 g/t gold (Au), with five samples assaying greater than 3 g/t Au.
- 8.0 and 9.7-metre-wide zones of gold mineralization at the North Breccia Zone that averaged 3.90 g/t Au and 1.18 g/t Au, respectively (as reported in the Company's news release dated July 25, 2017)
- A 3.0 m wide zone of altered fault breccia located 400 m southwest of the North Breccia averaged 5.45 g/t Au
- High-grade mineralization was found in quartz vein boulders found at the entrances to underground workings in the Central Zone; two samples yielded assays of 133.7 g/t Au with 87.8 g/t Ag and 58 g/t Au with 288 g/t Ag
- Nineteen (19) of the 91 samples have silver contents greater than 100 g/t Ag; six of these samples yielded assays that were greater than 200 g/t Ag, with the maximum silver assay being 310 g/t Ag.
- The silver-to-gold ratio of the epithermal mineralization increases as mineralized structures are sampled at progressively lower elevations, which is characteristic of some of the major epithermal Au-Ag mineral systems of Mexico.

The Company's 2017 exploration program was successful in confirming the presence of multiple zones of gold mineralization at the Cecilia project, and its sampling results has enabled it to define specific drilling targets. Moreover, the selection of Riverside's drill targets was guided by gold assay data for surface and underground rock samples that were viewed in the context of a geological and exploration model developed for the Cerro Magallanes volcanic flow-dome complex. This model is based on other flow-dome complexes in Mexico where economically important ore systems are found (eg. La Pitarrilla, San Julian). Riverside's planned drill-holes have been designed to test the North Breccia, Central and East gold zones using borehole orientations that in most cases will be at least 90° to the azimuth directions of the historic drill-holes, i.e. the planned holes will be directed to the south or southwest instead of to the northwest. Many of the boreholes drilled in 1995 are interpreted to have been oriented subparallel to the main mineralized structures, consequently missing their targets. Some of Riverside's proposed drill-holes are

designed to test deeper levels of the volcanic complex to explore for feeder structures that may control large epithermal quartz veins containing high-grade gold-silver mineralization such as was found in Central Zone boulders of epithermal quartz.

A work permit application for a 20-borehole drilling program was submitted to Mexico's environmental agency, SEMARNAT. The permit application was approved by the agency in early October of 2017. Existing drill roads, with minor upgrading, will facilitate future drilling.

Glor Gold Project

The Company's Glor Project is located in western Sonora, Mexico, and was initially acquired through an exploration-focused strategic alliance that the Company's had with Hochschild Mining in 2014 and 2015. The Project is situated approximately 8 km west of Alamos Gold's El Chanate Mine and is considered to cover a geological setting similar to that hosting the El Chanate orogenic gold deposit.

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 a four-year period.

In June of 2017 the Company completed an initial nine-hole, 1,942 metres, diamond drilling program at the 4 km² Pitaya Target situated in the northeastern sector of the 36 km² Glor property. Prior to the drilling campaign, the Pitaya target area was systematically explored with geological mapping and rock sampling, induced polarization geophysical surveying and a program of mechanical trenching and channel sampling. Eighteen trenches with a combined length of 3,757 meters were excavated, from which 1,019 chip-channel rock samples were collected and analyzed. All of these work programs were entirely funded by Minera Centerra. The Pitaya target area had been originally identified by Au- and As-in-soil anomalies outlined by a partner-funded soil geochemistry survey that was completed in 2016, covering the eastern half of the Glor property.

The longest hole of the Pitaya drill program was 285 metres. Drill-hole GL17-002D yielded the best intersection of gold mineralization of the campaign: 11.0 metres averaging 0.591 grams gold per tonne (g/t Au) starting at 122 metres down the inclined drill-hole and hosted by andesite volcanic rock showing iron carbonate and white mica (sericite) alteration. The highest gold value included in this assay interval is 1.415 g/t Au over 1.0 metre of core. The other eight drill-holes intersected sporadic thin zones of gold mineralization that generally graded less than 0.4 g/t Au across 1.0 metre, with the best of these intercepts being a 2.0 metre interval in GL17-004D that averaged 0.466 g/t Au.

Beginning in June of 2017, partner-funded exploration at the Glor project was focused in the Puerto El Alamo target area situated in the central part of the Glor mineral concession. Programs of geological mapping, bedrock outcrop sampling and a detailed soil geochemistry survey were completed with the objective of defining specific drilling targets. The area of the 850-sample soil survey was also covered with a ground magnetometer survey of 45 line-kilometres and an induced polarization survey comprising 14.1 line-kilometres.

In July 2017, the mining agency of Mexico, the *Subdirección de Minas*, made available for claiming mineral lands located a few kilometres west of the El Chanate gold mine and east of the Company's Glor concession. The Company submitted a number of title applications to claim the available ground and ended up being awarded two non-contiguous concessions that cover a combined area of approximately 440 hectares. The plan is to incorporate the newly acquired concessions into the Glor project which continues to be funded by Minera Centerra. Early in February of this year, geological mapping and a stream sediment geochemical survey were initiated on these claims.

On February 15, 2018, subsequent to the period end, the Company announced the competition of a partner-funded diamond drilling campaign. The exploration and drilling work was funded by partner, Minera Centerra as part of their option to earn a 70% interest and was focused on the Puerto El Alamo Target located in the central part of the Project, which had been defined by a recent detailed soil geochemistry survey and geological mapping.

The program consisted of seven boreholes totaling 1,212 metres in length (see the Company's news release, dated February 15, 2018). All of the drill-holes passed through the targeted Mesozoic stratigraphy and low-angle shear structures with multiple narrow intervals (1.0–4.7 metres) of low-grade gold (0.25–0.345 g/t Au) mineralization. On surface in the target area, gold-bearing shear zones were found within an andesitic volcanic flow unit as well as close to its upper and lower contacts with clastic sedimentary rocks. Zones of iron carbonate +/- sericite alteration and minor quartz veining several meters wide were intersected in each of the drill-holes. Similar lithologies, structures and hydrothermal alteration the target of the earlier diamond drilling program completed at the Pitaya Target in the northeastern sector of the Project (see the press release dated June 19, 2017).

Peñoles Project, Durango, Mexico

The Peñoles Project, 100% owned by the Company, comprises a large land package of approximately 6,862 hectares located in north-central Durango State within the globally important Central Mexico Silver Belt. Peñoles is an advanced project having been tested for economic gold and silver mineralization with 86 drill-holes (approx. 11,500 metres total). These drill-holes have delineated N.I.43-101 compliant Inferred Resources for the Capitan gold deposit and the nearby Jesus Maria silver deposit. The reader is referred to the Company's website and SEDAR filings for detailed information on the resource estimates and on the various exploration programs that have been completed on the Project.

During the second quarter of 2017, Company geologists re-examined the exploration potential at the core of the project area. A majority of the drill-holes that tested the Jesus Maria silver deposit were re-logged and a detailed analysis was made of existing drill core geochemical data which resulted in an improved understanding of the types of silver mineralization found at Jesus Maria. More importantly, the re-examination of the Jesus Maria database has given the Company a better idea of where the best potential lies to increase the Project's silver resource.

The Peñoles project has been presented to a number of mining companies as an opportunity for a joint venture or outright purchase. No agreements were completed with these parties in 2017, and consequently the project is currently available as an exploration and development opportunity for gold and/or silver.

Tajitos Gold Project, Sonora, Mexico

Located in north-western Sonora State, Mexico, the Tajitos Gold Project consists of two concession blocks, the core Tajitos claim group and the easterly lying El Tejo group of concessions. The Project is strategically well situated in the *Caborca Orogenic Gold Province* which includes the major gold mines at La Herradura and San Francisco among other producers. The core claim at Tajitos covers a number of northwesterly striking gold-bearing quartz veins that were exploited by small underground mines, now abandoned. About two kilometers to the northeast, Mexican gold producer Fresnillo plc is advancing its Tajitos gold project where a 300,000-ounce gold deposit has been reported to exist.

In October of 2015, the Company signed an option to purchase agreement with Centerra Gold Inc. ("Centerra") for the Tajitos Project (refer to the Company's news release dated October 02, 2015). Early in 2016 Centerra funded a diamond drilling program which tested the prospective trend of gold-bearing Mesozoic volcano-sedimentary rocks that trend across the Tajitos claim group and presumably extend southeastwards onto the El Tejo concession beneath alluvial cover. On May 17, 2016, the Company announced results from eight (8) diamond core holes that have a combined length of 1,832 metres. Highlighted intercepts from this drilling program are noted below.

- 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;

Gold mineralization intersected in the Tajitos drill-holes generally occurs in fault zones and along lithologic contacts. However, the wide spacing of the drill-holes prevents the reliable definition of the strike and dip orientations of the mineralized zones. Further drilling is required to better determine the extent and tenor of gold mineralization on the Tajitos property.

In addition to the eight boreholes drilled by Centerra on the Tajitos claim group, a program of reverse circulation drilling on the El Tejo block was also completed in 2016. Twelve RC holes, totaling 1,728 meters, were drilled to probe bedrock lying beneath an extensive and thick deposit of alluvial gravels. While a few of the RC holes managed to penetrate through the gravel cover and into bedrock composed of prospective Jurassic-age volcano-sedimentary rocks, a number of the holes had to be abandoned because of excessively thick cover (>150m). These results, in particular, prompted Centerra to terminate its option on the Tajitos-El Tejo property package following the completion of the 2016 drilling campaign.

The Tajitos Project is owned 100% by Riverside and is currently available for joint venture or an outright sale.

Clemente Silver-Gold Project

The Company's Clemente Project is an early-stage exploration property located in western Sonora, Mexico. On August 23, 2016, the Company signed a Letter of Intent ("LOI") with Silver Viper Minerals Corp. ("Silver Viper") whereby Silver Viper would have the option to acquire a 100% interest in the Clemente property. On December 2, 2016, the Company entered into a Definitive Agreement with Silver Viper whereby Silver Viper will need to pay in cash a total of \$796,500 (\$86,500 received to date), issue a total of 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.

On September 27, 2017 Silver Viper completed the process of its initial public offering ("IPO") for listing on the TSX Venture Exchange and a few days later its shares were trading on this stock exchange. In early October of 2017 a planned 2,000-metre diamond drilling campaign was started to test the El Mundo and Nuevo Mundo silver targets which had been identified and partially outlined by outcrop rock sampling done by Riverside geologists under an exploration alliance the Company had in 2014-2015 with South American miner, Hochschild Mining. The two targeted silver prospects consist of northerly trending massive and brecciated quartz veins controlled by shear faults.

By the middle of November about half of the planned drilling program was completed. Nine HQ-size diamond boreholes were drilled for a total length of 1,062 meters, with two of the drill-holes intersecting old mine workings and consequently being abandoned. The best mineralized intersection was made by hole CL-17-006; a 0.7 metre long interval that averaged 827 g/t silver, 0.23 g/t gold and a combined 2.09 per cent lead-zinc.

As of the end of February 2018, subsequent to the period end, drilling at Clemente had not yet resumed. Besides the El Mundo and Nuevo Mundo vein prospects, another drill-ready target exists at the Santa Elena artisanal mine workings located in the south-eastern sector of the Clemente property and approximately 7 kilometres northwest of a former producing gold mine, Cerro Colorado.

La Silla Gold-Silver Project

On November 17, 2015, the Company announced that it had won the right to claim four concessions in the Ollitas gold and silver mining district in southern Sinaloa, Mexico. Two adjoining concessions totaling 1,031.5 hectares were claimed to cover an easterly trending vein structure, the Ciruela target, where historical rock-chip sampling yielded assays of 24.4 g/t and 16.6 g/t gold. Another two concessions totaling 1,039.3 hectares, but not contiguous with the other concessions, were claimed to cover the El Roble gold prospect. El Roble had been previously investigated with shallow trenching and the drilling of six boreholes totaling 451 meters. The best result obtained by this short drilling program came from borehole ER-001 which intersected 15.2 meters grading 6.59 g/t Au, starting at surface. A follow-up hole at this site, ER-004, intersected 9.1 meters averaging 2.06 g/t Au.

In April of 2016, prospecting work done by Riverside at the Ciruela and El Roble prospects produced four rock-chip samples from Ciruela and 20 samples from El Roble. The best assay results obtained for these samples included 9.43 g/t Au and 196 g/t Ag for a sample collected from an old working at Ciruela along with two samples collected at El Roble that returned gold values of 1.73 and 2.21 g/t Au.

In June of 2017 the Company completed reconnaissance soil geochemistry surveys on the two group of concessions in an attempt to trace out the strike continuations of the Ciruela and El Roble mineralized structures. Since then, the Company has been presenting the Project to parties potentially interested in acquiring the concessions from Riverside through an option-to-purchase agreement.

Thor Copper Project, Sonora, Mexico

In June of 2017, Riverside regained 100% interest in the Thor Copper Project, as the Company's joint-venture partner, a subsidiary of Antofagasta plc ("Antofagasta"), elected not to complete the C\$5 million in exploration expenditure required for it to earn a 65% interest in the Project. The Thor project is located in south-central Sonora, Mexico and covers a geological setting that is prospective for a 'blind' porphyry copper deposit of the same geologic age as the other major copper deposits being mined in Sonora, including at Cananea and La Caridad. Riverside and Antofagasta completed an initial proof-of-concept drilling program that tested for a Laramide-age porphyry system. The four drill holes, the only ones ever drilled at Thor, confirmed the presence of porphyry-style alteration and quartz-sulphide veining, with three of the drill-holes intersecting a well-developed quartz-sericite-pyrite stockwork system. While the Antofagasta drill-holes did not return significant copper assays, they did provide valuable sub-surface geological information that has enabled the Company to define additional high-potential drill targets which can quickly be tested since the required work permit remains in effect. Recently, the Company has been presenting the Thor project along

with other copper targets it is acquiring in Sonora to a number of copper miners who are interested in investing in exploration projects in 'mining-friendly' Mexico.

The scientific and technical data contained in the property descriptions pertaining to the Company's Mexico portfolio were reviewed by Ron Burk, P. Eng., 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.

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Company at September 30, 2017 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	2017	2016	2015
Finance, property and other income	\$ 90,770	\$ 20,529	\$ 60,934
Net income (loss)	(684,191)	762,558	(2,861,752)
Net earnings (loss) per share, basic and fully diluted	(0.02)	0.02	(0.08)
Cash and short-term investments	5,024,291	5,061,198	4,259,230
Total assets	10,069,859	7,952,816	7,416,756

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Three-month period ended December 31

For the three months ended December 31, 2017, the Company had a net loss of \$149,098, resulting in a loss per share of \$0.00. The gain was related to finance income of \$6,214, other income of \$7,590, an unrealized gain on short-term investments of \$56,913, and recovery on exploration and evaluation assets of \$124,802, which were offset by operating expenses of \$210,317 and a foreign exchange loss of \$393,314.

For the three months ended December 31, 2016, the Company had a net loss of \$173,034, resulting in a loss per share of \$0.00. The gain was related to finance income of \$1,041, other income of \$37,829, an unrealized loss on short-term investments of \$14,714, and recovery on exploration and evaluation assets of \$nil, which were offset by operating expenses of \$215,037 and a foreign exchange gain of \$4,884.

*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 three months ended December 31, 2017, the Company recorded \$299,923 in acquisition and exploration of its properties as follows:

- Mexico
 - Peñoles \$ 136,870
 - Tajitos \$ 35,911
 - Clemente \$ 548
 - La Silla \$ 47,880
 - Glor \$ 56,048
 - Bacoachi \$ 22,666

The Company recovered \$114,430 of the acquisition and exploration expenditures through an option agreement with Silver Viper on the Clemente property and through an option agreement with Golden Minerals on Peñoles property during the three months ended December 31, 2017, which reduced the cumulative exploration costs.

During the three months ended December 31, 2016, the Company recorded \$343,774 in acquisition and exploration of its properties as follows:

• Mexico	
○ Peñoles	\$ 84,293
○ Tajitos	\$ 108,265
○ Clemente	\$ 68,462
○ La Silla	\$ 2,699
○ Glor	\$ 78,994
○ Bacoachi	\$ 1,061

The Company recovered \$321,500 of the acquisition and exploration expenditures through an option agreement with Silver Viper on the Clemente property during the three months ended December 31, 2016, which reduced the cumulative exploration costs.

Full particulars of the deferred exploration costs are shown in Note 9 to the Financial Statements.

Recoveries and Other Income

During the three months ended December 31, 2017, the Company received \$114,430 in cash with respect to the option agreement on the Clemente and Peñoles property. Finance income and other income for the three months ended December 31, 2017 were \$6,214 and \$7,590 respectively.

During the period ended December 31, 2016, the Company received \$71,500 in cash and 1,000,000 Silver Viper shares valued at \$250,000 with respect to the option agreement on the Clemente property. Finance income and other income for the period ended December 31, 2016 were \$1,041 and \$37,829 respectively.

Other income consists of revenue from exploration equipment and vehicle rentals to the alliance and work programs.

Expenses

During the three months ended December 31, 2017, the Company incurred \$5,824 in depreciation, \$60,283 in consulting fees, \$12,000 in directors' fees, \$50,942 in investor relations fees, \$26,197 in professional fees, \$29,578 in property investigation and evaluation expenses, \$35,620 in share-based compensation, \$24,154 in general and administrative expenses. In addition, the Company incurred \$41,625 in rent. The Company earned \$6,214 in finance income, \$7,590 in other income, and \$56,913 in an unrealized gain on short-term investments, and \$124,802 in recovery on exploration and evaluation assets.

During the three months ended December 31, 2016, the Company being the operator of the exploration programs earned \$45,115 and \$38,861 of management fees respectively in relation to the Thor Project and Centerra-Glor Project. These fees were recorded as a reduction in consulting fees per the Company's accounting policy, resulting \$5,967 recovery in consulting fees for the three months ended December 31, 2016. Compared to the previous year, property investigation and evaluation was higher as the Company sought for property acquisition opportunities in South America.

Compared to the previous year, a decrease in net loss was primarily due to a decrease in recovery on exploration and evaluation assets and a decrease in unrealized gain on short-term investments. There were no significant variations in other operating expenses over the comparative years.

General and administrative expenses consist of filing fees, director's 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 increased compared to the same period in the prior year as the Company spent additional funds on promotional and marketing activities, financial advisory and investor relations services.

Share-based compensation expenses increased as a result of the new share option grants. During the three months ended December 31, 2017, the Company recorded share-based compensation expense of \$35,620 (2016 - \$6,248) for the vested portion of the options granted and during the period. Share-based compensation expense recorded in the comparative period of the previous fiscal year was lower as there were less options granted during that period.

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)
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31-Dec-17	6,214	7,590	56,913	(149,098)	(0.00)
30-Sep-17	3,925	13,023	37,039	193,667	0.00
30-Jun-17	343	19,029	59,655	(336,878)	(0.01)
31-Mar-17	2,373	13,027	52,827	(367,946)	(0.00)
31-Dec-16	1,041	37,829	(14,714)	(173,034)	(0.00)
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

Other than the ongoing costs of the business, the net loss for the quarter ended September 30, 2016 was mainly due to an unrealized gain on 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. Decrease in cash and cash equivalents for the three months ended December 31, 2017 was \$390,742. Working capital as at December 31, 2017 was \$5,007,495. The Company has sufficient funds to meet ongoing corporate activities and planned exploration programs for the ensuing year.

Decrease in cash and cash equivalents for the three months ended December 31, 2016 was \$2,395. Working capital as at December 31, 2016 was \$4,102,423.

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	Period ending December 31	Fees (\$)	Shares (\$)	Amount payable at December 31 (\$)
Arriva Management Inc.	Management and consulting fees (i)	2017	50,370	Nil	20,370
		2016	47,400	Nil	13,740
GSBC Financial Management Inc.	Management and consulting fees (i)	2017	24,000	Nil	Nil
		2016	42,501	Nil	Nil
Ronald Burk	Consulting fees (i)	2017	29,204	Nil	Nil
		2016	45,000	Nil	Nil
English Bay Capital	Consulting fees (i)	2017	11,500	Nil	3,413
		2016	50,000	Nil	Nil
Michael Doggett*	Director fees	2017	Nil	Nil	Nil
		2016	3,000	Nil	3,000
Brian Groves	Director fees	2017	3,000	Nil	Nil
		2016	3,000	Nil	Nil
James Clare	Director fees	2017	3,000	Nil	Nil
		2016	3,000	Nil	3,000
Carol Ellis	Director fees	2017	3,000	Nil	Nil
		2016	3,000	Nil	Nil
Walter Henry	Director fees	2017	3,000	Nil	Nil
		2016	3,000	Nil	Nil

*Michael Doggett did not stand for re-election at the Company's AGM on March 2, 2017.

At December 31, 2017, the amount payable to a company controlled by an officer of the Company was \$nil (September 31, 2017 - \$541) for expense reimbursements.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three months ended December 31, 2017 and 2016 are as follows:

	2017	2016
Directors' fees	\$ 12,000	\$ 15,000
Management and consulting fees (i)	120,574	184,901
Performance bonus shares	63,000	-
Share-based payments	<u>212,593</u>	<u>5,759</u>
	<u>\$ 408,167</u>	<u>\$ 205,660</u>

(i) Management and consulting fees of the key management personnel for the period were allocated as follows: \$32,500 (2016 - \$40,000) expensed to consulting fees, \$11,500 (\$2016 - \$7,000) expensed to investor relations, \$76,574 (2016 - \$115,101) capitalized to exploration and evaluation assets, \$nil (2016 - \$12,000) expensed to property investigation and evaluation, and \$nil (2016 - \$10,800) capitalized to exploration work performed for alliances that will be reimbursed.

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 is \$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, 2017. 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.

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, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard that replaces existing revenue requirements IAS 11, IAS 18, IFRIC 13, IFRIC 18 and SIC 31 for measurement, recognition, and disclosure of revenues; 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.

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 44,409,313 common shares were issued and outstanding as of the date of this MD&A.

The Company has 3,204,767 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:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
11/14/2019	761,000	1.87	\$ 0.27	761,000
01/07/2021	725,000	3.02	\$ 0.15	725,000
12/16/2021	985,000	3.96	\$ 0.42	885,000
11/03/2022	760,000	4.84	\$ 0.28	-
	3,231,000	2.33		2,371,000