Northcliff Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED OCTOBER 31, 2017

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1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements (the "Financial Statements") of Northcliff Resources Ltd. ("Northcliff" or the "Company") for the year ended October 31, 2017, as publicly filed on SEDAR at www.sedar.com.

The Company reports in accordance with International Financial Reporting Standards ("IFRS"). The following disclosure and associated financial statements are presented in accordance with IFRS. All monetary amounts herein are expressed in Canadian Dollars ("CAD") unless stated otherwise.

This MD&A is prepared as of January 29, 2018.

Cautionary Note Regarding Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements" or "forward-looking information" within the meaning of Canadian and United States securities law.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. The assumptions used by Northcliff to develop forward-looking statements include the following: the Sisson Project will obtain all interim and construction financing required to advance to construction, build and operate the mine, the Sisson Project will receive all required environmental and other permits for construction of the mine, the Sisson Project will achieve targeted production levels; study and development of the Sisson Project will continue to be positive; contracted parties will provide goods and/or services on the agreed timeframes; equipment necessary for construction and development is available and does not incur unforeseen breakdowns; no material labour slowdowns or strikes are incurred; plant and equipment functions as specified; geological or financial parameters do not necessitate future mine plan changes; our expectations capital and debt financing will continue to be available, and no geological or technical problems will occur. The factors include but are not limited to uncertainties and costs related to the Company's exploration and development activities, such as those associated with determining whether mineral resources or reserves exist on a property; uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project; uncertainties related to expected production rates, timing of production and the cash and total costs of production and milling; uncertainties related to the ability to obtain necessary licenses, permits, electricity, surface rights and title for development projects; operating and technical difficulties in connection with mining development activities; uncertainties related to the accuracy of our mineral reserve and mineral resource estimates and our estimates of future production and future cash and total costs of production, and the geotechnical or hydrogeological nature of ore deposits, and diminishing quantities or grades of mineral reserves; uncertainties related to unexpected judicial or regulatory proceedings; changes in, and the effects of, the laws, regulations and government policies affecting our mining operations, particularly laws, regulations and policies relating to mine expansions, environmental protection and associated compliance costs arising from exploration, mine development, mine operations and mine closures; expected effective future tax rates in jurisdictions in which our operations are located; the protection of the health and safety of mine workers; mineral rights ownership in countries where our mineral deposits are located; changes in general economic conditions, the financial markets and in the demand and market price for tungsten, molybdenum and other minerals and commodities, such as diesel fuel, coal, petroleum coke, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the U.S. Dollar and Canadian Dollar; unusual or unexpected formation, cave-ins, flooding, pressures, and precious metals losses, or other similar events (and the risk of inadequate insurance or inability to obtain insurance to cover these risks); changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; the exploration and development of properties located within First Nations treaty and Aboriginal groups asserted territories may affect or be perceived to affect treaty and asserted aboriginal rights and title may cause permitting delays or opposition by Aboriginal groups or communities, environmental issues and liabilities associated with mining including processing and stock piling ore; geopolitical uncertainty and political and economic instability in countries which we operate; and labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mineral projects or mines, or environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines. Forward-looking statements are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved".

The Company reviews its forward-looking statements on an ongoing basis and updates this information when circumstances require it. For more information on the Company, investors should review the Company's annual information form that is available on SEDAR at www.sedar.com.

Cautionary Note to U.S. Investors Concerning Reserve Estimates

The mineral reserves disclosed in this management discussion and analysis have been estimated in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), as required by Canadian securities regulatory authorities. The Company is not subject to the reporting requirements of section 13(a) of section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). However, the Company's U.S. investors are cautioned that SEC Industry Guide 7 under the Exchange Act, as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates contained in this discussion may not qualify as "reserves" under SEC standards. In addition, disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits Exchange Act reporting companies to report reserves in ounces, and requires reporting of mineralization that does not qualify as reserves as in place tonnage and grade without reference to unit measures.

1.2 Overview

For the purposes of the discussion below, references to the quarters are in relation to the Company's fiscal reporting period, unless otherwise indicated.

Northcliff is a mineral exploration and development company focused on the Sisson Tungsten-Molybdenum Project (the "Sisson Project" or the "Project"), located in New Brunswick, Canada. Northcliff holds an 88.5% interest in the Sisson Limited Partnership (the "Sisson Partnership"), which owns the Sisson Project.

Northcliff acquired the Sisson Project in 2010 and, since that time, has made significant progress to advance it toward production, including work to more fully define the resource and plan the mine, progress through the environmental assessment process, and prepare applications for mining permits. All work on the Sisson Project is supported by active engagement with First Nations and other members of local communities, as well as representatives of the federal and provincial governments and other project stakeholders.

A positive feasibility study was completed in 2013 (see Section 1.2.1), which defined the Sisson Project as a 30,000 tonne per day ("tpd") open pit mine and processing facility.

Northcliff submitted an Environmental Impact Assessment ("EIA") report to a harmonized provincial and federal EIA process in July 2013. The Project received a positive Certificate of Determination from the Government of New Brunswick in December 2015. In February 2017, the Province of New Brunswick and New Brunswick's six Maliseet First Nations announced that they entered into an accommodation agreement concerning the development of the Sisson Project. According to the government release, the provincial government and First Nations jointly submitted the agreement to the Canadian Environmental Assessment Agency, which became part of the agency's review, including its "significant effects" determination. The Sisson Project received EIA approval from the Federal Cabinet of the Government of Canada on June 23, 2017.

On March 2, 2017, Northcliff, the Sisson Partnership and the Woodstock First Nation ("WFN", a Maliseet Nation community whose traditional territory is in the area of the Sisson Project), announced that they had signed a Cooperation Agreement. The Cooperation Agreement provides the WFN with various economic opportunities and financial benefits, helps facilitate regulatory approvals and includes a long-term framework for communication and cooperation between the parties.

In 2017, the Company's staff and consultants have also focused on the collection of information to finalize applications for critical mine permits and leases, specifically, a Crown lease, a mining lease, a fisheries authorization, the Metal Mine Effluent Regulation Schedule 2 amendment and a quarry permit. Concurrently, engineering studies have been underway to optimize the Project, and management has continued discussions with interested parties regarding offtake contracts.

The Company has raised $7.17 million through financings in fiscal 2017 (see 1.2.2 Financing) to support its work on the Sisson Project.

In 2018, Northcliff plans to advance as many permits as possible and continue with the necessary engineering studies to optimize the Project. Management will continue discussions with interested parties regarding offtake contracts, to be followed by efforts to complete project financing.

1.2.1 Sisson Tungsten-Molybdenum Project

The 18,880-hectare Sisson property is located approximately 100 kilometres by road northwest of the City of Fredericton, which is a centre for business, education and government services in the Province of New Brunswick. New Brunswick is a progressive mining jurisdiction, with a skilled workforce and well-developed infrastructure.

Situated in an area of rolling topography, the Sisson Project area is readily accessible by highway from Fredericton and parts of the site are accessible by numerous secondary and forestry roads.

High-tension power lines from the provincial electrical grid cross the property. A rail line and siding are located 15 kilometres east of the deposit. The rail line and roads connect the Project to deep sea ports at Saint John to the south and Belledune to the north.

Northcliff acquired a controlling interest in the Sisson Project in October 2010 and initiated studies to support completion of a feasibility study. The Company acquired the remaining minority interest in June 2012 and became 100% owner of the Project. In October 2013, Northcliff transferred its mineral property interest in the Sisson Project into the Sisson Partnership and its economic interest in the Sisson Project was reduced to 88.5% pursuant to the Sisson Project Limited Partnership Agreement (see 1.2.2 Financing).

Geology

The Sisson Project hosts a structurally-controlled deposit that obliquely spans a north-trending, nearly vertical contact between two phases of the Howard Peak Granodiorite to the west and metavolcanic and metasedimentary rocks to the east. Tungsten and molybdenum mineralization occurs mainly as scheelite[1] and molybdenite, respectively, within narrow, sheeted, northwest-trending quartz-sulphide veins, which surround larger, north-trending shear veins.

Feasibility and Basic Engineering Studies

Samuel Engineering, Inc., and other specialist engineering firms completed a Feasibility Study[2] (the "Study") for the Sisson Project in early 2013. In the Study, the Sisson Project is defined as a 30,000 tpd open pit mine and conventional ore processing facilities, supplemented by value-added on-site processing of tungsten concentrates in an ammonium paratungstate ("APT") plant, producing an average of 557,000 metric tonne units ("mtu") WO_3 in APT and 4.1 M lb Mo in concentrate annually over a 27-year mine life. The Study anticipates an initial capital expenditure (including 15% contingency) of $579 million, average cash costs of APT production of $8.18/t milled or $153/mtu (net of Mo credits), and a post-tax net present value (at an 8% discount rate) of $418 million with an internal rate of return of 16.3% and 4.5-year payback.

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[1] Scheelite ($CaWO_4$) is an ore mineral of tungsten; molybdenite (MoS_2) is an ore mineral of molybdenum.

[2] The 2013 Feasibility Study and *Canadian National Instrument 43-101 Technical Report on the Sisson Project, New Brunswick, Canada, Effective Date January 22, 2013* (the "Technical Report"):

- Assumptions used include average long-term metal prices of US$350/mtu for APT and US$15/lb for Mo and US$:$C exchange rates of 1:1 for capital cost estimates, and 0.98-0.92:1 (years 1-4) and 0.90:1 (year 5+) for the financial analysis. Results presented are based on a 100% interest.
- At an US$8.83/t NSR cut-off, Proven and Probable Mineral Reserves are 334,363,000 tonnes grading 0.066% WO_3 and 0.021% Mo.
- Further details are provided in the Technical Report and in the Company's 2016 AIF filed at www.sedar.com.

Independent Qualified Persons for the Technical Report are David W. Rennie, PEng, Roscoe Postle Associates, Inc., Jim Gray, PEng, Moose Mountain Technical Services, Daniel Freidman, PEng, Knight Piesold Consulting, Matt Bolu, PEng, Bolu Consulting Engineering, Inc., Gene Greskovich, PE, and Steven Pozder, PE, Samuel Engineering, Inc.

Since completion of the Feasibility Study, Northcliff and its consultants advanced basic engineering studies of the plant site and associated infrastructure, tailings storage facility and water management systems, open pit mine and water treatment facilities. In addition, in 2015 NB Power completed a study along the proposed route and refined the design for a 138 kV transmission line. Geochemical analyses relating for the waste disposal and water treatment facilities were completed in 2016.

In 2017, further work was undertaken to optimize metallurgical recoveries and mining, and this work is continuing.

Environmental Studies

Northcliff has undertaken studies of air quality, acoustics, surface and groundwater resources, environmental geochemistry, terrestrial and aquatic habitats, fish and wildlife, wetlands, land and resource uses, heritage resources, socio-economics, and traditional Aboriginal land uses since 2011. The results were used for project planning and design and to prepare the EIA Report, and will also provide the baseline data for environmental monitoring during mine construction and operation.

The draft EIA Report was submitted to the Canadian Environmental Assessment Agency and New Brunswick Department of Environment and Local Government on July 31, 2013. A positive Certificate of Determination was received from the Provincial Government on December 3, 2015. The Federal Cabinet approved the Sisson Mine Project on June 23, 2017.

Work toward authorizations under the Fisheries Act and amendment of Schedule 2 of the Metal Mining Effluent Regulations ("MMER") to list the Sisson Project Tailings Storage Facility ("TSF"), as well as applications for a mining lease from the Province under the Mining Act and a Crown Lease were initiated in parallel with the EIA process. The Crown Lease application has now been submitted. Development of the application for a quarrying permit began in mid 2017 and this continues.

Community and Stakeholder Engagement

Northcliff has conducted an extensive and ongoing engagement program with representatives of government agencies, local communities, First Nations and other project stakeholders in New Brunswick since early in its involvement with the Project. Public outreach to date has included numerous public open houses, project and Company websites, regular newsletters, community focus groups and community giving as well as extensive consultation and discussion during the environmental assessment process.

Public, stakeholder and First Nations engagement continues to be a central focus of the Sisson Partnership's activities in New Brunswick, facilitated through the Fredericton office. Consistent with its commitment to responsible mineral development, the Sisson Partnership intends to continue outreach through all stages of development, operation and closure of a mine at Sisson.

Northcliff, the Sisson Partnership and Woodstock First Nation ("WFN") signed a Cooperation Agreement (the "Agreement"), also known as an Impact Benefits Agreement, in March 2017. The Agreement addresses various matters including:

- Cooperative engagement with government on regulatory matters;

- Environmental protection provisions;
- Scholarships and capacity building opportunities for WFN members;
- Employment, training and contracting opportunities for WFN members during the construction and operation phases of the Sisson Project; and
- Financial benefits.

Northcliff and the Sisson Partnership are currently working with WFN and the province of New Brunswick to develop and deploy a general skills program that would prepare individuals to take more specific training for jobs at the proposed mine.

Plans for 2018

In 2018, the Company – through the Sisson Partnership – intends to continue to advance the aforementioned permit and lease applications, and to initiate additional applications as appropriate, while progressing with the necessary engineering optimization to prepare the Sisson Project for a final construction decision. The Company plans continue discussions with interested parties regarding offtake contracts, to be followed by efforts to complete project financing.

The Sisson Project team will also continue its community engagement and outreach, as well as advancing skills training and other employment planning.

1.2.2 Financing

In October 2013, Northcliff entered into an agreement with Todd Minerals Ltd., a subsidiary of the Todd Corporation (together referred to herein as the "Todd Group"), completed a $5 million private placement and acquired 13,888,889 common shares of Northcliff, becoming its largest shareholder with an approximate 15% interest.

Northcliff and the Todd Group also entered into the Sisson Project Limited Partnership agreement whereby the Todd Group acquired an initial 11.5% interest in the Sisson Partnership for an initial contribution of $14 million in the Sisson Project, received in staged contributions over the period of October 2013 to October 2014. Moving forward, the Sisson Project development costs may be funded by the partners in proportion to their respective ownership interest in the Sisson Partnership.

The Todd Group also has the option to earn an additional 10% interest in the Sisson Partnership by investing $20 million in the Sisson Partnership at any time up to a final investment decision to commence construction.

In May 2015, Todd Group participated in a private placement financing, increasing its holding in Northcliff to a 19.99% interest.

In December 2016, Todd Group participated in a shareholder approved private placement financing, increasing its holding in Northcliff to a 36.3% interest and obtaining the right to appoint an additional nominee to the Company's Board of Directors (for a total of two nominees).

In March 2017, Northcliff issued 35,491,129 Common Shares at a price of $0.11 per Common Share for aggregate gross proceeds of $3,904,024, pursuant to the follow on financing (the "Follow-on

Financing") approved by the Company's shareholders at its Extraordinary General Meeting held on December 13, 2016.

The Todd Group exercised its pre-emptive right to participate in the Follow-on Financing, and purchased 12,887,612 of the issued common shares in the Follow-on Financing to maintain its 36.3% interest in Northcliff.

In June 2017, Northcliff completed a private placement, issuing 2,076,923 common shares at a price of $0.13 per share for gross proceeds of $270,000. The Company agreed that the Todd Group could exercise its pre-emptive right for this financing in a subsequent financing of the Company by issuing such number of Common Shares to which the latter would have otherwise been entitled.

The proceeds of the above noted financings in 2017 will be used to fund the work programs at the Sisson Project and for general corporate working capital purposes.

1.2.3 Market Trends

The information in the Market Trends section is based on calendar years.

China provides a significant portion of global tungsten supply as well as holding the world's largest tungsten reserves. China is also the world's largest single consumer of tungsten and, as such, its use of tungsten has an important influence on tungsten markets.

Tungsten is commonly quoted as the intermediary product called APT, and priced in US$ per mtu (one mtu represents 10 kilograms of WO_3).

Following two years of increasing prices for APT, prices steadily declined from 2012 to 2016. The long period of lower prices caused the tungsten concentrate supply to drop back more into line with demand until 2016 and 2017, when a notable shortfall prevailed. The APT price has been trending upward since the first quarter of 2017. At the date of this MD&A, the price is approximately US$315/mtu.

After three years of stronger prices, molybdenum largely decreased in 2015 and 2016 due to by-product supply from large new copper mines. Prices were flat in the first quarter of 2017, and after increasing slightly mid-year are now flat again. As of the date hereof, the price is US$7.26/lb.

Average annual tungsten and molybdenum prices over the past five years, as well as the average of prices to date in 2018 are tabulated below.

Year	Average APT Price (US$/mtu)	Average Mo Price (US$/lb)
2012	385	12.81
2013	370	10.40
2014	344	11.59
2015	234	6.73
2016	195	6.92
2017	252	7.24
2018 (to the date of this MD&A)	310	7.25

Source: www.metalprices.com

1.3 Selected Annual Information

The following information is derived from the Company's annual financial statements which have been prepared in accordance with IFRS as issued by the IASB effective for the respective reporting years of the Company and are expressed in thousands of Canadian Dollars, except per share amounts. The Company's audited financial statements are publicly available on SEDAR at www.sedar.com.

($ 000's, except loss per share)		**2017**		**2016**		**2015**
Total assets	$	29,348	$	24,685	$	24,663
Total liabilities (all current)	$	244	$	1,563	$	469
Net loss attributable to shareholders of the Company	$	1,479	$	1,419	$	2,141
Basic and diluted loss per common share	$	0.01	$	0.01	$	0.02

The Company's total assets fluctuate with cash raised from financing activities and cash used in operating activities. The total liabilities generally fluctuate with levels of activities relating to the Sisson Project, except in 2016 the total liabilities were higher due mainly to a loan from a director of the Company.

The decrease in net loss and loss per share (basic and diluted) generally follow the trend in activity for mineral development and advancement of the Sisson Project.

1.4 Summary of Quarterly Results

Amounts are expressed in thousands of Canadian Dollars, except per share amounts. Minor differences are due to rounding.

	Fiscal quarter ended															
($ 000's)		**Oct 31, 2017**		**Jul 31, 2017**		**Apr 30, 2017**		**Jan 31, 2017**		**Oct 31, 2016**		**Jul 31, 2016**		**Apr 30, 2016**		**Jan 31, 2016**
Net loss attributable to shareholders of the Company:																
Total loss	$	316	$	421	$	363	$	379	$	439	$	235	$	317	$	428
Loss per share(i)	$	–	$	–	$	–	$	–	$	–	$	–	$	–	$	–
Weighted average number of common shares:																
('000')		171,356		170,075		151,225		120,339		106,406		106,406		106,406		106,406

(i) Loss per share represents basic as well as diluted and is rounded to the nearest cent.

Net loss generally follows the trend and activity for mineral development and project advancement of the Sisson Project.

See the following section of the MD&A for other factors that have caused variations over the fiscal quarters.

1.5 Results of Operations

The following financial data is expressed in Canadian Dollars unless otherwise stated.

The Company's operations and business are not driven by seasonal trends, but rather the achievement of project milestones such as the achievement of various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits and regulatory approvals, completion of feasibility and engineering studies, preparation of engineering designs, commencement of mine construction and production and receipt of financing to fund these objectives.

A slight increase in net loss during the current year, compared to net loss in the prior year, was mainly due to increase administration costs commensurate with the increase in project related activities as discussed herein (1.2 Overview).

The changes in the Company's financial position are discussed in section 1.3 Selected Annual Information above.

Deferred mineral development costs (rounded to the nearest thousand) incurred during the year were as follows:

	Year Ended October 31, 2017	Year Ended October 31, 2016
Engineering and design	$ 389,000	$ 217,000
Environmental and permitting	145,000	132,000
Community and sustainability	270,000	225,000
Total	$ 804,000	$ 574,000

Mineral development objectives for each of the cost categories listed above were as per the project update included herein (1.2 Overview).

1.6 Liquidity

At October 31, 2017, the Company had a cash balance of $4,340,000 which will allow the Company, in the near-term, to maintain mineral claims in good standing, continue engineering optimization studies, prepare and advance permitting applications, pursue project finance interest, advance offtake interest in the products, as well as fund the Company's ongoing administrative and management expenses.

Further advancement and development of the Sisson Project will require additional funding from a combination of the Company's shareholders, the Sisson Partnership's existing or potential new partners, alternative capital providers, and debt financing. As the Sisson Project is currently in the development stage, the Sisson Partnership does not have any revenues from operations, except for interest income from its cash and cash equivalents. Therefore, the Sisson Partnership relies on funding from its partners to fund expenditures, maintain liquidity and meet its obligations.

The Company does not have any material capital lease obligations, purchase obligations or any other long-term obligations.

The following commitments and financial liabilities (rounded to the nearest thousand) existed at October 31, 2017:

	Payments due by period			
	Total	≤ 1 year	1-5 years	> 5 years
Amounts payable and other liabilities	**$ 172,000**	$ 172,000	$ –	$ –
Amounts payable to a related party	**72,000**	72,000	–	–
Total	**$ 244,000**	$ 244,000	$ –	$ –

1.7 Capital Resources

The Company's current capital resources consist of its cash reserves. To date, the Company's main source of funding has been through the issuance of equity securities for cash, primarily through private placements to investors and institutions, loans from a director, and through the cash contributions made to the Sisson Partnership by the Todd Group. The Company's access to development and project financing is always uncertain. There can be no assurance of continued access to significant equity, debt or alternative sources of funding to finance the Company's ongoing operations.

The Company has no lines of credit or other sources of financing which have been arranged but are as yet unused. There were no externally imposed capital requirements to which the Company is subject to and with which the Company has not complied.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Hunter Dickinson Inc. ("HDI") and its wholly-owned subsidiary, Hunter Dickinson Services Inc. ("HDSI"), are private companies established by a group of mining professionals engaged in advancing mineral properties for a number of publicly-listed exploration companies, one of which is the Company.

The following directors or officers of the Company also have a role within HDSI:

Individual	Role within the Company	Role within HDSI
Marchand Snyman	Director, Chairman	Director
Robert Dickinson	Director	Director
Christopher Zahovskis	Director, President, Chief Executive Officer	Employee
Bryce Hamming	Chief Financial Officer	Employee
Trevor Thomas	Corporate Secretary	Employee

Pursuant to an agreement dated July 2, 2010, HDSI provides technical, geological, corporate communications, regulatory compliance, and administrative and management services to the Company, on a non-exclusive basis as required and as requested by the Company. As a result of this relationship, the Company has ready access to a range of diverse and specialized expertise on a regular basis, without having to engage or hire full-time employees or experts. The Company benefits from the economies of scale created by HDSI which itself serves several clients.

The Company is not obligated to acquire any minimum amount of services from HDSI. The monetary amount of the services received from HDSI in a given period of time is a function of annually set and agreed charge-out rates for and the time spent by the HDSI employees engaged by the Company.

HDSI also incurs third-party costs on behalf of the Company. Such third-party costs include, for example, directors and officers insurance, travel, conferences, technology and communication services. Third-party costs are billed at cost, without markup.

There are no ongoing contractual or other commitments resulting from the Company's transactions with HDSI, other than the payment for services already rendered and billed. The agreement may be terminated upon 60 days' notice by either of the Company or HDSI.

The details of transactions with HDSI and the balance due to HDSI as a result of such transactions are provided in the Financial Statements, along with the required disclosure of remuneration of key management personnel of the Company and details of borrowings from Mr. Dickinson.

1.10 Fourth Quarter

	For the quarter ended October 31,	
	2017	2016
General and administration	$ 317,000	$ 388,000
Equity-settled share-based payments	48,000	22,000
Finance income	(25,000)	(2,000)
Finance expenses	–	38,000
Foreign exchange (gain) loss	(9,000)	–
Net loss for the quarter	$ 331,000	$ 446,000

	For the quarter ended October 31,	
	2017	2016
Loss for the quarter attributable to shareholders of the Company:		
Loss in total	$ 316,000	$ 439,000
Loss per share (basic and diluted – rounded to the nearest cent)	$ –	$ –
Weighted average number of common shares outstanding	171,356,460	106,405,781

The decrease in net loss during the 4th quarter of fiscal year 2017, compared to the loss during the same quarter of the prior year, is mainly due to the increase in finance income and decrease in finance expenses. The general and administration expenses recorded in the 4th quarter of fiscal year 2017 decreased, compared to those recorded in the 4th quarter of fiscal year 2016, due mainly to the timing of payments to various key management personnel in the prior year.

1.11 Proposed Transactions

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course of business.

1.12 Critical Accounting Estimates

The required disclosure is provided in the Financial Statements, which are publically filed on SEDAR at www.sedar.com.

1.13 Changes in Accounting Policies Including Initial Adoption

The required disclosure is provided in the Financial Statements, which are publicly filed on SEDAR at www.sedar.com.

1.14 Financial Instruments and Other Instruments

The required disclosure is provided in the Financial Statements, which are publically filed on SEDAR at www.sedar.com. The Company's liquidity position has been analyzed in section 1.6 Liquidity above.

1.14.1 Disclosure of Outstanding Share Data

The following details the share capital structure as at the date of this MD&A:

	Number
Common shares	171,356,460
Share purchase options	6,048,200
Share purchase warrants	2,399,769
Restricted Share Units	923,191
Deferred Share Units	1,002,535

1.14.2 Internal Controls over Financial Reporting and Disclosure Controls

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Executive Officer and Chief Financial Officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

There has been no change in the design of the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this Management's Discussion and Analysis.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of October 31, 2017. In making the assessment, it used the criteria set forth in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on their assessment, management has concluded that, as of October 31, 2017, the Company's internal control over financial reporting was effective based on those criteria.

Limitations of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that any system of disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

1.15 Risk Factors

The required disclosure is provided in the "Risk Factors" section of the Company's Annual Information Form ("AIF") for the year ended October 31, 2017. Management has not identified any additional risk factors other than the disclosure provided in the AIF.