



**SATORI RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and six months ended June 30, 2017 and 2016

REPORT DATE

August 29, 2017

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is dated August 29, 2017 and provides relevant information on the operation and financial condition of Satori Resources Inc. ("Satori" or the "Company") for the three and six months ended June 30, 2017 and 2016. The MD&A should be read in conjunction with the Company's financial statements and notes thereto for the years ended December 31, 2016 and 2015, which have been prepared according to International Financial Reporting Standards (IFRS) and can be found under the Company's profile on SEDAR at www.sedar.com.

All currency amounts in the MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated.

Satori is a junior mining exploration company and a reporting issuer in each of the Provinces of Ontario, British Columbia and Alberta. Its head and principal office is located at Suite 2702, 401 Bay Street, Toronto, Ontario. The common shares of the Company are listed on the TSX Venture Exchange under the symbol "BUD". Satori's property of merit is at Tartan Lake in Flin Flon, Manitoba (the "Tartan Lake Gold Mine Project" or "Tartan Lake"). Satori is also in the process of evaluating new opportunities in the mining sector.

Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc., is the independent qualified person, as defined by National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators, for the resource estimate. Dr. Armitage is a resident of Fredericton, New Brunswick and a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

The 2016 exploration drilling was carried out under the supervision of Peter Karelse P.Geo., registered in the Province of Ontario, a Geological Consultant, who was the qualified person as defined by NI 43- 101.

RECENT HIGHLIGHTS

- The updated Tartan Lake Mineral Resource estimate, using a cut-off grade of 3.0 grams per tonne of gold ("g/t Au"), comprises an Indicated Resource of 1,180,000 tonnes at 6.32 g/t Au for 240,000 ounces and an Inferred Resource of 240,000 tonnes at 4.89 g/t Au for an additional 38,000 ounces.
- Indicated resource gold ounces and grade have increased by 135% and 24%, respectively, compared to the 2012 mineral resource estimate, due to the conversion of Inferred Resources to the Indicated category.
- On March 27, 2017, Satori announced that it has closed its private placement offering (announced March 3, 2017 and March 14, 2017) for gross proceeds of \$1,283,970 by the issuance of 5,788,177 Units (\$983,990), and the issuance of 1,764,588 flow-through common shares (\$299,980). Subsequent to closing the private placement the Company has a total of 28,028,507 common shares outstanding.
- On June 13, 2017, Satori announced the commencement of a diamond drill exploration program at Tartan Lake to extend and expand the known high-grade gold mineralization.

INCORPORATION AND BASIS OF PRESENTATION

Satori was incorporated on October 24, 2011 under the Business Corporations Act (British Columbia).

NATURE OF OPERATIONS

The Company's activities are currently directed towards exploration and development of mineral properties located in Manitoba, Canada. Satori's principal project is the Tartan Lake Gold Mine Project, a mineral property which hosts a past-producing underground mine.

In 2010, the Project's previous owner completed a National Instrument 43-101 ("NI 43-101") compliant technical report which outlined mineral resources associated with the Tartan Lake Gold Mine. The technical report was filed under the SEDAR profile of St. Eugene Mining Corporation Limited on September 23, 2010. During the first quarter 2017, Satori completed an updated NI 43-101 technical report on the Tartan Lake Gold Mine Project which was filed on SEDAR on April 7, 2017.

MINERAL PROPERTIES

Tartan Lake is owned 100% by the Company and is subject to a 2% net smelter return royalty "NSR". The Company has the right to buy-down the NSR at any time for \$1 million per each 1%.

During the six-months ended June 30, 2017 the Company incurred a total of \$274,119 (year ended December 31, 2016 – \$403,226) of deferred exploration expenditures.

Tartan Lake Gold Mine Project, Flin Flon, Manitoba - 100% Interest

Overview and Project History

The Tartan Lake Gold Mine Project ("**Tartan Lake**", or "**Project**") is located in Manitoba, Canada near the town of Flin Flon. The property is approximately 2,670 hectares in area and consists of 20 mineral claims. Tartan Lake is located approximately 29 km from Flin Flon, accessed through all season gravel roads, leaving the paved Highway 10. The town of Flin Flon has all the services to support mineral exploration and mining and is accessed by highway, railroad, and regularly scheduled air service. Grid electricity is connected out as far as the Tartan Lake mine.

The Tartan Lake Gold Mine Project was operated by Granges from 1987-1989 with approximately 47,000 ounces of gold mined. The operation consisted of a 450 tonne per day gold processing facility ("**Mill**") with related infrastructure, a vent raise to surface, and a decline ramp providing access to 6 different Levels within the Main and South Zones to a vertical depth of 315 metres. In 1989 the Mill ceased operation due to low gold prices and a significant mechanical failure and was placed into care and maintenance, while the ramp and underground workings were allowed to flood. The grid hydro connection and on-site heating remain operational and ready for usage.

Project Geology

The Tartan Lake project is located within the Flin Flon greenstone belt ("**FFGB**"). The FFGB belt is a collection of tectonic assemblages that was assembled early in the evolution of the Paleoproterozoic Trans-Hudson Orogen. The portions of the belt exposed on or near surface are approximately 250 easterly by 75 northerly kilometres. The FFGB has undergone four major phases of deformation. These have contributed to the development of the major structures that host the gold mineralization at Tartan Lake. Sub Greenschist facies metamorphism is present in the south with it increasing to amphibolite in the north near the Kisseynew domain.

The Tartan Lake shear zone complex is a strong east-west trending zone, which contains the Tartan Lake gold deposits. Near the Mine the main shear zone forms the contact between the footwall gabbro/diorite intrusive to the south and the hanging wall Amisk Group rocks to the north. The shear zone is 30 to 50 metres wide, steeply dips to the north and trends to the west. The Tartan Lake Mine is composed of multiple sub-parallel and anastomosing veins that were accessed by a 2,100 m long 4.3m high by 4.5m wide decline to a depth of about 315 metres below surface.

The veins that were mined were quartz carbonate mesothermal veins with free gold and various associated sulphide minerals. The best gold grades were in areas with pyrite and chalcopyrite. The gold mineralization is hosted by steeply dipping east-west shear zones with a trend and plunge about 70° to the northwest. Much of the gold reports as gravity recoverable and the rest is captured in the cyanide leach process.

Main Zone

Twelve individual shears make up the Main Zone which is located in the gabbroic complex near the contact between the metagabbroic and metavolcanic rocks. The historic gold resource is predominantly hosted in the Main Zone. Two gold-bearing lenses that strike 090°, dip steeply to the north, and plunge steeply (70°) west to northwest make up the Main Zone. The first lens is 60 m long and 90 m high, extending to the 90 m Level of the mine. The second lens is 40 m long near surface and 200 m long at the 200 m Level and 150 m at the 300 Level of the mine. It is 5 to 10 m in the footwall of the first lens. The decline extends to the 315m Level and mineralization is defined down to ~575 m below surface. The average width of stopes in the historic mining was 7.8 metres.

South Zone

A set of veins in the footwall of the Main Zone form the South Zone which are interconnected and sub-parallel. These shears are entirely in the gabbroic complex. The South Zone consists of three smaller blocks of historic resources. Lens 3b was interpreted by Claude to be a possible extension of the South Zone. Granges intersected it in drill holes in 1995 and 1996 and based on the host rocks, structural setting and mineralization appear to be similar to the Main Zone. The zone is defined to ~275 m depth below surface.

Southeast Zone

The Southeast Zone is to east and is hosted by the same east-west trending shear zone as the South Zone. It is also entirely in the gabbroic complex. Like the South Zone it is also similar to the Main Zone based on the structural setting and mineralization. There is no underground development in the Southeast Zone but a drift was about 75 m away when the mine shut down. The zone is known to ~200 m depth.

Exploration Expenditures

As at June 3, 2017, the capitalized acquisition and exploration expenditures at Tartan Lake were \$1,677,345 (December 31, 2016 - \$1,403,226). There have been no fundamental changes to the Tartan Lake Gold Mine Project, however, due to overall market conditions, on December 31, 2015, the Company applied an industry-based impairment charge against the Tartan Lake asset of \$1,071,892. Additionally, there was a change in the asset retirement obligation assumptions at December 31, 2012, which resulted in an increase of \$103,205.

Underground Resource Estimate

On February 23, 2017, the Company announced a new resource estimate for its 100% owned Tartan Lake Gold Mine Project, located within the prolific Flin Flon mining district, in Manitoba, Canada.

The mineral resource estimate was prepared under the direction of Mining Plus Canada Consulting Ltd. (“**Mining Plus**”) in accordance with **NI 43-101**” and as set out in the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves. The results are summarized in Table 1 at a range of cut-off grades. See page 1 for NI 43-101 compliance.

Table 1: 2017 Mineral Resource Statement, Tartan Lake Gold Mine Project

Cut-off Grade	Tonnes	Grade (g/t Au)	Au Ounces
Indicated Resources			
0.0 g/t	4,720,000	2.42	367,000
2.0 g/t	1,820,000	4.97	290,000
3.0 g/t	1,180,000	6.32	240,000
4.0 g/t	830,000	7.55	201,000
Inferred Resources			
0.0 g/t	1,210,000	1.92	75,000
2.0 g/t	450,000	3.74	54,000
3.0 g/t	240,000	4.89	38,000
4.0 g/t	140,000	5.93	27,000
Notes:			
1. CIM Definitions Standards were followed for mineral resources			
2. The Qualified Person is Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc.			
3. All figures are rounded to reflect the relative accuracy of the estimate			
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability			
5. The estimate of mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues			
6. Effective date of the mineral resource estimate is February 20, 2017			

The Resources exists over a strike length of 625 metres down to a maximum depth of 575 metres below surface in the Main Zone and 275 metres below surface in the South Zone. The Main and South Zones remain open along strike and down-dip beyond the limit of the current resource model.

In the 2017 resource estimate update for the Tartan Lake Gold Mine Project, based on a 3.0 g/t Au cut-off grade, mineral resources in the Indicated category was 1.18 million tonnes grading 6.32 g/t Au for 240,000 ounces of gold. This represents a 90% increase in tonnes, 24% increase in grade, and 135% increase in ounces compared to the 2012 Mineral Resource Estimate. The increase in tonnes and ounces were due to the successful upgrade of mineral resources from the Inferred category. Mineral resources in the Inferred category was 0.24 million tonnes grading 4.89 g/t Au for 38,000 ounces. This represents a 77% decrease in tonnes, 7% decrease in grade, and 79% decrease in ounces compared to the 2012 Mineral Resource Estimate. A comparison between the 2012 and 2017 Mineral Resource Estimates is summarized in Table 2 below.

Table 2: Comparison of 2012 vs. 2017 Resource Estimate at Tartan Lake (using a 3.0 g/t cut-off)

	Tonnes	Gold	
		Grade (g/t)	Ounces
Indicated Resources			
2017	1,180,000	6.32	240,000
2012	620,000	5.12	102,000
% Difference	+90%	+24%	+135%
Inferred Resources			
2017	240,000	4.89	38,000
2012	1,040,000	5.27	177,000
% Difference	-77%	-7%	-79%

The drilling database utilized in the resource estimation was closed as of December 31, 2016 and comprises 501 diamond-drill holes totaling 79,600 metres including drill holes from the 2016 exploration program which consisted of 6 diamond drill holes totaling approximately 1,600 metres (see Satori news release dated December 7, 2016).

For the 2017 resource estimate, a total of 15 sub-parallel, three-dimensional ("3D") wireframe grade control models were constructed. The 3D grade control models were built through visually interpreting the mineralized zones from cross sections using histograms of gold values. Polygons of mineral intersections were made on each cross section and wireframed together to create contiguous resource models in GEOVIA GEMS 6.7.3 software. The Tartan Lake grade control models define east-west trending, steep north dipping (75° – 85°) to steep south dipping gold zones. The gold zones extend for approximately 625 metres along strike and to depths of up to 575 metres in the Main Zone and 275 metres in the South Zone.

The Tartan Lake grade shells were used to constrain 1.0 metre composite values chosen for interpolation, and the mineral blocks reported in the estimate of the mineral resource. A block model in Metric Mine Grid space (origin: x – 1775, y – 4725, z – 2025, no rotation) with block dimensions of 5 x 1.5 x 5 metres in the x (east), y (north) and z (level) directions was placed over the grade shells with only that proportion of each block inside the shell recorded as part of the resource estimate (% Block Model).

Grades for Au (g/t) were interpolated into blocks by the inverse distance squared (ID2) method. Three passes were used to interpolate grade into all of the blocks in the grade shells. For Pass 1 the search ellipse size was set at 20 x 20 x 6 metres in the X, Y, Z direction (approximate range based on variography); for Pass 2 the search ellipse size was set at 40 x 40 x 12 and for Pass 3 the search ellipse size was set at 80 x 80 x 12. Blocks were classified as Indicated if they were populated with grade during Pass 1 and 2 of the interpolation procedure. Pass 3 search ellipse size was set to assure all remaining blocks within the grade shell are assigned a grade. These blocks were classified as Inferred.

Grades were interpolated into blocks using a minimum of 8 and maximum of 12 composites to generate block grades during Pass 1 and Pass 2 (maximum of 4 samples per drill hole), and a minimum of 4 and maximum of 12 composites to generate block grades during pass 3.

High grade composites were capped at 55 g/t gold (99.3 percentile) to limit their influence during the grade estimation, a total of 31 composite samples ranging in grade from 55.8 g/t to 199.5 g/t gold were capped to 55 g/t. Due to the relative sparseness of specific gravity ("SG") data, an average value is used for the resource estimation. An SG value of 2.85 is used for the current resource estimate.

2016 Exploration Program

On December 7, 2016, the Company announced that diamond drilling intersected two broad zones of high-grade gold mineralization near existing underground development and historical stopes at Tartan Lake. Highlight assay results included:

- TL16-01 (Main Zone): 10.88 grams per tonne of gold ("g/t Au") over 13.1 metres and 9.99 g/t Au over 11.2 metres
- TL16-04 (South Zone): 10.28 g/t Au over 5.1 metres
- TL16-06 (Main Zone): 3.56 g/t Au over 8.2 metres

Management feels that these drill results demonstrated both the high-grade nature of the deposit as well as the exploration potential of Tartan Lake. The two zones intersected in hole TL16-01 appear wider than the original stopes mined between 1987- 1989, and are located approximately 20 metres below existing underground development. Management feels that having high-grade intercepts and widths within close proximity to existing underground infrastructure is a key strategic advantage for Satori.

The 2016 exploration program at Tartan Lake commenced in late October and consisted of 6 diamond drill holes totaling 1,600 metres. The limited program was designed to verify the historic drill results, and test the extension of known gold mineralization. Two of the holes intersected underground workings and were stopped short of the targeted zones.

2017 Exploration Program

Management designed exploration programs to in-fill and expand the existing resource model, as well as evaluate and test a number of gold showings and regional targets identified on the property. The Main and South Zones remain open along strike and down-dip beyond the limit of the current resource model at 575 metres and 275 metres below surface, respectively.

On June 13, 2017 the Company announced that it had commenced diamond drilling at Tartan Lake located in Flin Flon, Manitoba. The purpose of the drill program is to extend and expand the known high-grade gold mineralization. The 2017 Exploration Program will consist of approximately 4,000 metres of diamond drilling split into two phases:

Phase 1 – The Phase 1 drill program consisting of approximately 2,000 metres of diamond drilling in six holes designed to step-out from known mineralization and expand the high-grade gold resources in the Main & South Zones as well as increase our understanding of the structural and lithological controls on mineralization. In addition to drilling, the Phase 1 program includes a regional compilation of the property to identify exploration potential throughout the 2,670 hectare property. The Phase 1 program is now complete with assay results expected soon.

Phase 2 – The Phase 2 program consisting of approximately 2,000 metres of diamond drilling to follow-up on the results from Phase 1 and to investigate other high priority targets in proximity to the known gold mineralization. Phase 2 may include geophysical and geochemical sampling programs to follow-up on exploration targets identified during the Phase 1 regional compilation.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

Overview

For the three and six months ended June 30, 2017, Satori reported a net loss of \$179,428 and \$369,346 (2016 - \$99,365 and \$117,568, respectively).

Revenues

Satori is in the exploration and development stage and has no revenue from mining operations.

Non-Exploration Expense Summary

A summary of the activity for the three and six months ended June 30, 2017 and 2016 is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Expenses:				
General and administrative	\$ 78,632	\$ 79,241	\$ 174,863	\$ 95,776
Professional fees	10,500	14,435	18,000	14,088
Finance, legal, paralegal and geological salaries	9,825	5,328	11,379	3,960
Promotion and shareholder communication	15,048	360	55,859	3,849
Stock-based compensation	88,010	-	131,832	-
Total expenses	\$ 202,015	\$ 99,364	\$ 391,933	\$ 117,673

General and administrative expenses increased during the three and six months ended June 30, 2017 compared to the same periods in 2016 as the Company increased general corporate and business activity. Consulting, legal and various other costs increased accordingly.

Promotion and shareholder communication increased during the three and six months ended June 30, 2017 compared to the same periods in 2016 as management conducted investor relations in conjunction with capital-raising activities.

Stock-based compensation increased during the three and six months ended June 30, 2017 compared to the same periods in 2016 as a result of the issuance of new options and the vesting thereof.

Exploration Activities and Expenditures

A summary of exploration activity for the six months ended June 30, 2017 and the year ended December 31, 2016 is as follows:

	June 30, 2017	December 31, 2016
Tartan Lake Property		
Opening balance	\$ 1,403,226	\$1,000,000
Exploration	274,119	403,226
Total Capitalized Costs	\$ 1,677,345	\$ 1,403,226

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2017, the Company had \$1,130,475 in cash (December 31, 2016 - \$392,911) and working capital of \$908,450, excluding flow-through share premium liability (December 31, 2016 -\$256,927).

The Company is a junior resource exploration and development corporation and, accordingly, it does not have the ability to generate sufficient amounts of cash from earnings or asset sales to pay for its operating costs, even in the short term. The Company budgets exploration, development and administrative expenses prudently and closely monitors monthly expenditures, investments and cash resources.

The activities of the Company, principally the exploration and development of mineral properties, are therefore financed through the sale of equity securities. These equity offerings generally take the form of private placements but may also include the exercise of warrants and options. The Company's ability to raise capital and the timing of such events will depend on the liquidity of the financial markets as well as the willingness of investors to finance resource-based junior companies.

LONG TERM OBLIGATIONS

The Company has no long-term debt obligations other than its Asset Retirement Obligation ("ARO"). The Company accounts for obligations associated with the retirement of tangible long-lived assets by recording them as liabilities when those obligations are incurred, with the amount of the liability initially measured at the discounted (present) fair value of the obligation. Since the ARO is initially recorded at present value, an accretion expense is recorded on the statement of operations with a corresponding increase to the liability every quarter until the estimated time at which the obligation will occur. These obligations are capitalized in the accounts of the related long-lived assets and are amortized over the useful lives of the related assets. It is possible that the Company's estimate of its ultimate ARO could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period these estimates are revised.

On December 31, 2012, the Company re-assessed its retirement obligation and determined it to be \$571,243, based on a discounted future liability of approximately \$1,220,000 (previously \$550,000) and an interest rate of 6.00% (previously 3.28%), with reclamation occurring in 2025 (previously 2018). The difference between the ARO calculated under the old and new sets of assumptions (\$103,205) was recorded as an increase in both the ARO and the mineral properties and deferred exploration and development expenditures.

In June 2016 and August 2016 the Company raised \$110,000 and \$300,000, respectively, by the issuance of flow through shares. As at June 30, 2017, the Company has fulfilled its obligation for December 31, 2016 and is obligated to incur an additional \$136,374 in exploration expenditures that qualify as Canadian Exploration Expenditures prior to December 31, 2017.

On March 27, 2017 the Company raised \$299,980 by the issuance of flow through shares and as of June 30, 2017 is required to incur an additional \$192,565 of exploration expenditures that qualify as Canadian Exploration Expenditures prior to December 31, 2018.

SUMMARY OF QUARTERLY RESULTS

Following is a summary (in dollars) of selected financial data for the Company's last eight completed quarters:

	Jun. 30 2017	Mar. 31 2017	Dec. 31 2016	Sep. 30 2016	Jun. 30 2016	Mar. 31 2016	Dec 31 2015	Sep. 30 2015
Net Loss	179,428	189,918	155,117	51,508	63,682	53,886	1,158,792	52,247
Loss per Share	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.12)	(0.01)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditures required to advance its projects.

Second quarter expenditures in 2017 are increased compared to expenditures in the second quarter of 2016. Of significance: in the second quarter of 2017, the Company expensed \$88,010 as stock-based compensation, \$15,048 as investor relations, advertising and promotion as well as \$24,722 in consulting fees. In the second quarter of 2016 the Company expensed \$360 as investor relations, advertising and promotion.

CAPITAL STOCK INFORMATION

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The holders of the common shares of the Company are entitled to vote at all shareholder meetings and to receive such dividend as the Board of Directors of the Company in its discretion shall declare.

Issued and Outstanding

As of June 30, 2017, the Company had 28,231,507 (December 31, 2016 – 20,475,742) outstanding common shares.

On March 27, 2017, Satori announced that it closed a private placement offering for gross proceeds of \$1,283,970 by the issuance of 5,788,177 Units (\$983,990), and the issuance of 1,764,588 flow-through common shares (\$299,980).

Each Unit was comprised of one non-flow through common share and one purchase warrant ("Warrant") entitling the holder to acquire one additional common share at a price of \$0.30 for 30 months, or earlier

pursuant to acceleration provisions. The acceleration provision enables the Company to accelerate the exercise of the Warrants if the volume-weighted average trading price of the common shares on the TSX Venture Exchange exceeds \$0.60 per common share during any 30 day consecutive trading day period commencing 4 month from the closing of the placement until the expiry of the warrants.

In connection with the offering, the Company paid finders fees to eligible finders in the amount of \$62,285 (cash) and issued 366,380 Warrants. The company also paid \$11,924 for legal and filing fees. All of the securities issued in connection with the private placement offering are subject to a hold period expiring four months and one day after date of issuance.

Incentive Stock Options

In January 2017, the Company granted 300,000 incentive stock options at an exercise price of \$0.18 per share and a five-year life. In April 2017 the Company granted 550,000 incentive stock options at an exercise price of \$0.205 per share and a five-year life.

As of June 30, 2017, the Company had 2,350,000 (December 31, 2016 – \$1,500,000) outstanding incentive stock options.

	Number of stock options	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, December 31, 2015	-	-	-
Granted	1,000,000	0.15	
Granted	500,000	0.10	
Balance, December 31, 2016	1,500,000	0.13	4.80
Granted	300,000	0.18	
Granted	550,000	0.205	
Balance, June 30, 2017	2,350,000	0.16	4.44

Share Purchase Warrants

As of June 30, 2017, the Company had 10,257,556 (December 31, 2016 – 4,306,000) outstanding share purchase warrants.

	Number of Warrants	Weighted average exercise price
Balance, December 31, 2015	3,584,100	\$ 0.05
Expired	(8,100)	0.80
Issued	3,540,000	0.065
Exercised	(2,810,000)	0.05 – 0.065
Balance, December 31, 2016	4,306,000	\$ 0.06
Issued	6,154,556	0.30
Expired	(81,000)	0.80
Exercised	(203,000)	0.05 – 0.065
Balance, June 30, 2017	10,176,556	0.21

Warrants Outstanding				
Warrant Type	Number of Warrants	Fair Value	Exercise Price	Date of Expiry
Finder's	117,000	13,087	0.065	June 17, 2019
Investors	5,788,176	413,753	0.30	September 27, 2019
Finder's	366,380	57,155	0.30	September 27, 2019
Investors	1,600,000	74,250	0.05	August 10, 2020
Investors	2,305,000	33,996	0.065	June 17, 2021
Balance, June 30, 2017	10,176,556	\$ 589,991		

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at June 30, 2017.

CONTRIBUTED SURPLUS

Contributed surplus includes Satori's actual share-based payments and part of warrants reserve in the event of expiry of warrants.

	June 30, 2017	December 31, 2015
Opening balance	\$ 5,018,963	\$ 4,855,921
Expiry of warrants	20,045	2,592
Vesting of share-based payments	131,832	160,450
Ending balance	\$ 5,170,840	\$ 5,018,963

RELATED PARTY TRANSACTIONS

Management compensation

The Company incurred the following expenditures charged by companies controlled by current directors and officers of the Company:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Other compensation	\$ 24,722	\$ 34,750	\$ 41,944	\$ 51,500
Total management compensation	\$ 24,722	\$ 34,750	\$ 41,944	\$ 51,500

As of June 30, 2017, \$43,921 (December 31, 2016 - \$49,522) is owed to management and directors and is included in accounts payable and accrued liabilities on the statements of financial position.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing the Company's financial statements, estimates and assumptions are made by management that affect the amounts reported in the financial statements and accompanying notes. Based on historical experience, current conditions, expert advice and the application of accounting policies, management makes assumptions that are believed to be adequate and reasonable under the circumstances. The Company's accounting policies are the same as described in the audited financial statements for the year ended December 31, 2016.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chairman of the Board of Directors of the Company is responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. The Chairman of the Board of Directors has conducted an evaluation of the controls and procedures regarding communication of information and has concluded these controls and procedures were effective for the year ended December 31, 2016. The Chairman of the Board of Directors is responsible for designing internal controls over financial reporting or for causing it to be designed under his supervision. During the year ended December 31, 2016, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chairman of the Board of Directors has evaluated whether there were changes to internal control over financial reporting during the six months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through their evaluation.

OUTLOOK

The Company continues to investigate financing and re-commissioning activities in respect of the Tartan Lake Gold Mine project that are conducive to market conditions, which includes but is not limited to discussions with geological services companies as it relates to exploring, and updating or assessing project economics. Notwithstanding that, Satori continues to actively review other opportunities within the mining sector.

RISKS AND UNCERTAINTIES

The exploration and development of mineral deposits involves significant risks over an extended period of time and even a combination of careful evaluation, experience and knowledge may not be able to mitigate the risks. Few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be primarily related to its ability to finance its working capital and operations which in part will be related to the cost and success of its exploration programs. Additionally, there are a number of factors beyond the Company's control, including but not limited to the availability of skilled personnel, qualified vendors, construction and production targets and timelines, anticipated timing of grant of permits and governmental incentives, favourable commodities markets, contractual commitments, litigation matters, the ability to mitigate financial and operational risks, the ability to access capital markets and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling in order to determine the technical and economic feasibility of mining and extracting resources, and, if warranted, to develop the mining and processing facilities and infrastructure at any chosen site. Although substantial benefits may be derived from the discovery and mining of a mineralized deposit, it is impossible to ensure that the current mineral resources can be converted to mineral reserves or that the mineral properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration and development expenditures will prove accurate and actual expenditures may be significantly higher than currently anticipated. Satori cannot provide any assurance

that its proposed development plan will result in any commercial mining operation. Determining if a deposit will be commercially viable depends on a number of factors, including the attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental protection. The effect of these factors cannot be accurately predicted and the combination of these factors may result in the Company receiving an inadequate return on its invested capital, if any.

As stated above, the exploration and development of mineral projects always involves significant risks over an extended period of time even when a combination of careful evaluation, experience and knowledge is evident. There is no assurance that an exploration project can be profitable or successful. The long-term viability of the Company's operations will be in part correlated to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control, including but not limited to commodity prices, the availability of skilled personnel, qualified vendors and critical equipment.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labour standards, occupational health and mine safety and waste disposal, toxic substances, land use and environmental protection. In order to comply with such laws and regulations, Satori may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if Satori's activities violate any such laws and regulations, Satori may be required to compensate those suffering loss or damage and may be fined if convicted of an offence under such legislation. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of Satori's proposed activities and delays in the exploration of properties.

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially toxic substances and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations, Satori may be required to allocate financial resources to land reclamation that might otherwise be spent on further exploration or development programs.

Satori cannot provide any assurances that title to its properties will not be challenged. Such property is owned, leased or held under option as unpatented and patented mining claims, mineral claims or concessions. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. Satori may not be able to obtain all necessary surface rights to develop a property. The failure to acquire any or all of such rights may prevent exploration and development, even if such exploration or development would be warranted by exploration results achieved. A successful claim contesting Satori's title to a property will cause Satori to lose its rights to explore and, if warranted, develop that property. This could result in Satori not being compensated for prior expenditures relating to the property.

Satori has limited financial resources. As at December 31, 2016, Satori has a working capital of \$256,927. Satori does not generate operating revenue and must finance its exploration activity by other means, including financing through joint ventures, debt financing and equity financing. Satori cannot provide any assurance that funding will be available for exploration or development or to fulfill anticipated obligations under the existing property agreements with respect to its property. If Satori fails to obtain necessary financing, it may have to delay or cancel exploration and / or development.

Access to capital is currently the biggest challenge facing resource-based junior companies. Globally, at present, very few equity financings are being completed for higher-risk resource-based junior companies, which have historically been the sector's primary source of capital. A continued or worsened downturn in

the resource-based junior sector of the capital markets may adversely affect Satori's growth and potential future viability.

The recent relative strength of metal prices has encouraged increases in mining exploration, development and construction activities around the world, which may result in increased demand for, and the cost of, exploration, development and construction services and equipment. While the market conditions mentioned above have had a moderating effect on the costs of such services and equipment, increases in such costs may continue with sustained or increasing metal price levels or an improvement in global market conditions. Increased demand for services and equipment could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and may cause scheduling difficulties due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development and/or construction costs.

Satori will compete with other exploration and development companies, many of which have greater financial resources than Satori or are at more advanced stages of development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If Satori requires and is unsuccessful in acquiring additional mineral properties or personnel, Satori may not be able to grow at the rate desired or at all.

If commercial production is possible, Satori will require additional funds to place an ore body into production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and rehabilitate the mining and processing facilities at Tartan Lake. The sources of external financing that Satori may use for these purposes include public or private offerings of debt, convertible notes and equity. In addition, Satori may enter into one or more strategic alliances and may utilize one or a combination of all these alternatives. Satori cannot provide any assurance that the financing alternative chosen will be available on acceptable terms, or at all. If additional financing is not available, Satori may have to postpone the development of, or sell, certain of its properties.

Forward Looking Statement

All statements other than those of a historical nature are "forward-looking statements" that may involve a number of unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

This document contains forward-looking information that is based on expectations, assumptions and estimates as of the date of this document. The Company's forward-looking information is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "could", "would", "target", "objective", "projection", "forecast", "continue", "strategy", or the negative of those terms or other variations of them or comparable terminology.

Forward-looking statements include among others: any future development of the Tartan Lake Gold Mine deposit, the timing and completion of the drilling and other exploration activities, delineation of a mineral resource and the conversion of minerals resources to mineral reserves.

In formulating the forward-looking information above, the Company has made assumptions regarding general financial market conditions and the availability of financing.

While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not have an intention to update this forward-looking information, except as

required by applicable securities laws. This forward-looking information represents management's views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See also "Risks and Uncertainties".

Additional Information

Additional information about Satori Resources Inc. may be obtained from the Company's website at www.SatoriResources.ca or on SEDAR at www.sedar.com.

Management's Responsibility

Management is responsible for all information contained in this annual MD&A and the accompanying Financial Statement. The Financial Statements for the year ended December 31, 2016 have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited condensed interim financial statements for the year ended December 31, 2016 in all material aspects.

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

Approval

The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.