TORQ RESOURCES

(Formerly Stratton Resources Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S CONSOLIDATED
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the year ended December 31, 2017

Dated: April 24, 2018

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2017 AND THE PERIOD UP TO APRIL 24, 2018

Corporate highlights

- On January 4, 2018, the Company appointed Daniel T. McCoy, Ph.D. as Chief Geologist. Dr. McCoy has worked extensively in the mineral sector for over 27 years, specializing in precious metals exploration primarily in North and South America and Africa. He led the team credited with discovering the multi-million ounce Esaase gold deposit in West Africa. He also led the acquisition and exploration of the El Barqueno project in Mexico which was acquired by Agnico Eagle Mines Ltd. from Cayden Resources Inc. in 2014.

- On September 18, 2017, the Company commenced trading on the OTCQX under the US symbol TRBMF.

- On September 12, 2017, the Company appointed Jeffery Mason to its board of directors. Mr. Mason is a corporate and financial professional with over 25 years of experience serving public companies in the mining and mineral exploration industry.

- On March 2, 2017, the Company changed its name to Torq Resources Inc. and the ticker symbol to TORQ.

- On February 27, 2017, the Company completed a non-brokered private placement of 20,300,000 common shares for total gross proceeds of approximately $13.2 million.

Operational highlights

- On September 21, 2017, the Company announced the results from the regional till sampling program on its Gander Gold Project located in central Newfoundland, Canada. The program was designed to identify centers of gold mineralization beneath till cover and has successfully identified 6 gold-in-till anomalies over a 25 km long structural trend. These anomalies represent primary targets for future exploration and drilling.

- On June 26, 2017, the Company entered into an agreement to acquire either 75% or 100% interest in certain mineral claims referred to as the Cracker Option, located in northeastern Newfoundland, Canada. The claims complete the southern portion of the Company's Gander block and are adjacent to three high-grade geochemical anomalies identified in the 2016 till survey.

- The Company continually reviews and evaluates projects globally in its path to building a world-class exploration portfolio.

< Refer to the page 3 for cautionary wording concerning forward-looking information>

1.1. Date and presentation

This Management Discussion and Analysis ("MD&A") of Torq Resources Inc. (formerly Stratton Resources Inc.) (the "Company" or "Torq") has been prepared by management to assist the reader to assess material changes in the financial condition and results of operations of the Company as at December 31, 2017 and for the year then ended. This MD&A should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2017 and 2016 and the notes thereto. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is April 24, 2018.

1.1.2 Forward-looking statements and risk factors

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of base and precious metals; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's web site at www.torqresources.com.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.2 Over-all performance

1.2.1 Description of business

Torq is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties. On March 15, 2017, the Company changed its name from Stratton Resources Inc. to Torq Resources Inc. The Company is incorporated under the Business Corporations Act (British Columbia) and is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange ("the Exchange") as a Tier 2 mining issuer, and its shares trade under the symbol TORQ.V. On September 18, 2017, the Company commenced trading on the OTCQX under the US symbol TRBMF.

As at the date of this MD&A, the organizational structure of Torq is as follows:

Subsidiary	Place of incorporation	Beneficial Interest
Stratton Resources (Canada) Ltd.	BC, Canada	100%
Gecon OOD	Bulgaria	100%
Archelaus Resources DOOEL (inactive)	Macedonia	100%
Balakros Resources DOOEL (inactive)	Macedonia	100%

The Company is in the process of winding up both Archelaus Resources DOOEL and Balakros Resources DOOEL. The completion of this process is expected in Q2, 2018.

1.2.2 Newfoundland projects

Wildwood Option

On October 28, 2016, the Company entered into an option agreement with Wildwood Exploration Inc. to acquire the rights to four separate groups of mineral claims, totalling approximately 4,777 mineral claims and covering approximately 119,000 hectares in Newfoundland, Canada (the "Wildwood Option"). The groups of claims under the Wildwood Option are referred to as Gander, Frenchman, Millertown and Quinn. Under the terms of the Wildwood Option, the Company may acquire a 100% interest, subject to a NSR royalty, in the mineral claims through a combination of work expenditures and cash and share payments as listed in the table below:

Due dates	Status	Cash Payments	Torq Common Shares	Work Expenditures
October 28, 2016	Complete	$ 75,000	100,000	$ -
On or before October 28, 2017	Complete	150,000	200,000	250,000
On or before October 28, 2018		200,000	250,000	500,000
On or before October 28, 2019		250,000	400,000	500,000
On or before October 28, 2020		175,000	500,000	1,000,000
On or before October 28, 2021		-	1,750,000	-
Total		$ 850,000	3,200,000	$ 2,250,000

The NSR is 2.0% with 50% (being 1.0%) buyable for $3,000,000 at any time.

Cracker Option

On June 26, 2017, the Company entered into an option agreement with a private individual to acquire the rights to certain mineral claims in northeastern Newfoundland, Canada (the "Cracker Option"), that are within the Company's Gander block of mineral claims (see Figure 1). The claims complete the southern portion of the Company's Gander block and are adjacent to three high-grade geochemical anomalies identified in the 2016 till survey.

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.2.2 Newfoundland projects (continued)

Under the terms of the Cracker Option, the Company may acquire a 75% or 100% interest in the mineral claims through a combination of work expenditures and cash or share payments as outlined in the table below:

Due dates	Status	Cash Payments	Cash or Share payments	Work Expenditures
On June 26, 2017	Complete	$ 25,000	$ -	$ -
On or before June 26, 2018		50,000	-	100,000
On or before June 26, 2019		-	-	250,000
On or before June 26, 2020		-	175,000	650,000
Cumulative totals to earn a 75% interest in the claims		**75,000**	**175,000**	**1,000,000**
On or before June 26, 2021		-	250,000	1,000,000
Cumulative totals to earn a 100% interest in the claims		**$ 75,000**	**$ 425,000**	**$ 2,000,000**

<u>2017 Newfoundland exploration program -</u> <u>Gander Gold Project</u>

During 2017, the Company screened a 50 km by 15 km area along a crustal scale fault zone which forms the core of the Gander Gold Project. A total of 1,749 samples were collected across this project area and identified six multi-kilometer long gold-in-till anomalies that cluster within a 25 km by 5 km corridor (Figure 1).

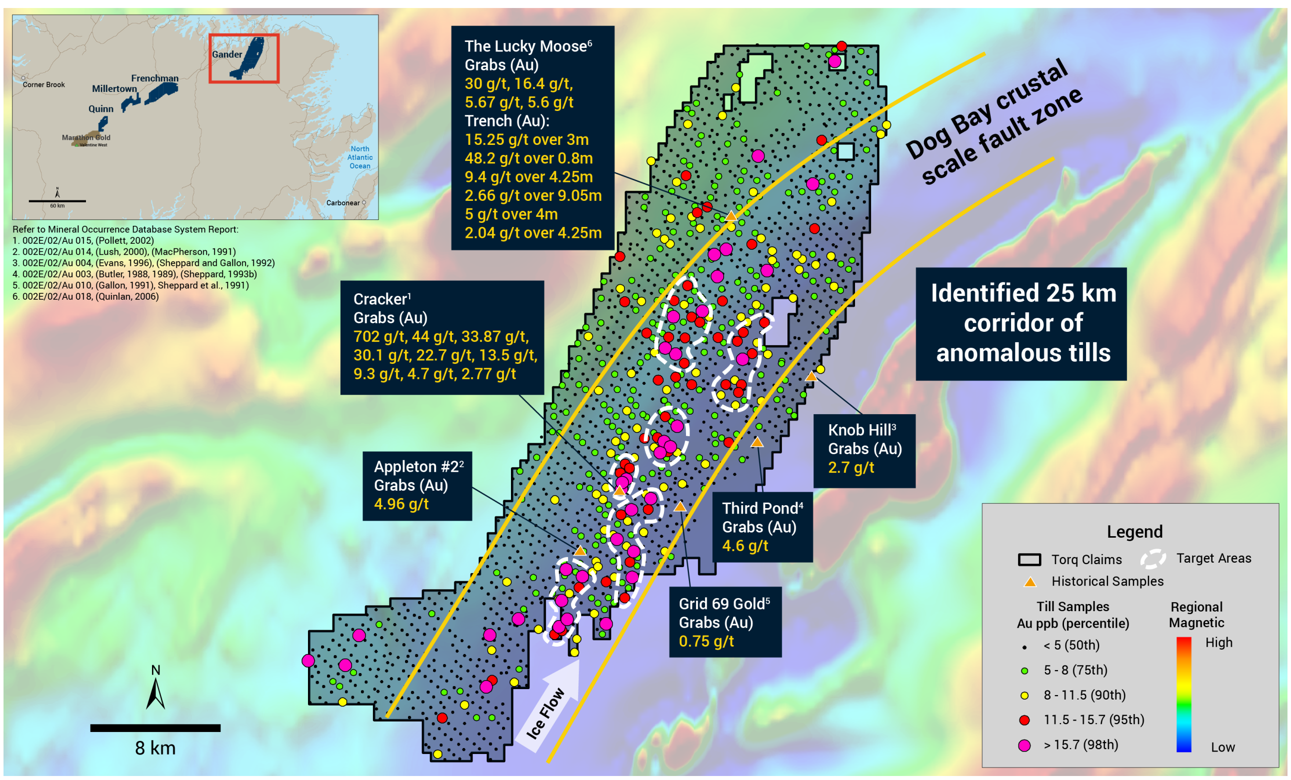

Figure 1 – Torq's Gander Gold project showing regional magnets and till sample results

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.2.2 Newfoundland projects (continued)

Commencing in October 2017, Torq initiated a follow-up exploration program designed to investigate the 5 strongest gold-in-till anomalies that were identified during the summer season. The follow-up screening program was designed to trace gold mineralization back to its source rock underneath the till sequence through a combination of in-fill till and biogeochemical sampling methods. A total 2,400 till samples and 4,800 biogeochemical samples were collected across the target areas which encompass the anomalies from the summer program in addition to the 'Cracker' and 'Lucky Moose' surface showings.

The results from this program are currently being reviewed and interpreted with the goal of identifying the source areas of mineralization. The Company anticipates conducting trench and/or drilling programs to test these source areas later in 2018.

1.2.3 Mineral property interests continuity

During the year ended December 31, 2017, the Company incurred $318,164 in mineral property acquisition costs (see 1.2.2 – Wildwood Option and Cracker Option) and $1,372,415 in exploration and evaluation expenditures, inclusive of $282,059 share-based compensation, for total mineral property expenditures for the period of $1,690,579. During the year ended December 31, 2017, the Company received $129,705 in grants from the Government of Newfoundland and Labrador which were recorded as an offset to the exploration and evaluation expenditures incurred on the Newfoundland projects. The costs incurred during 2017 on the Wildwood option claims have met and exceeded the work expenditures requirement until October 28, 2019.

	Newfoundland projects
Balance as at December 31, 2016	**$ 605,232**
Acquisition costs	
Additions:	
Option payments	316,000
Other acquisition costs	2,164
Exploration and evaluation costs	
Aircraft and travel	132,047
Assaying	197,585
Equipment rental and maintenance	76,061
Geophysics and targeting	237,743
Project support cost	62,464
Share-based compensation	282,059
Wages and consultants	384,456
Total additions for the period	**1,690,579**
Government grants	(129,705)
Balance as at December 31, 2017	**$ 2,166,106**

1.2.4 Gecon investment agreement

Effective November 16, 2016, pursuant to an investment agreement, the Company acquired a beneficial interest in 100% of the capital of a Bulgarian shell company, Gecon OOD ("Gecon"), for the purposes of establishing mineral exploration operations in the country. Pursuant to the investment agreement between the Company and Gecon's former shareholder, the Company will pay a minimum of USD 50,000 and a maximum of USD 200,000 at any time within a 3-year period of signing the investment agreement in exchange for its beneficial interest in Gecon.

The Gecon financial liability is remeasured at every balance sheet date with the change in fair value recognized in the comprehensive statement of loss.

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.2.5 Project investigation expenditures

The Company is continually reviewing and evaluating new projects globally on its path to establishing a tier-one mineral portfolio. The table below shows the nature of the project investigation costs incurred during the years ended December 31, 2017 and 2016 and include all costs incurred within Bulgaria and with its other project investigation activities in the United States, Canada and Mexico.

	Year ended December 31,	
	2017	**2016**
Assays	$ 91,494	$ 8,095
Equipment, vehicles rent and field supplies	42,614	5,807
Geological consulting, salaries and wages	425,652	178,750
Project support costs	44,832	16,696
Share-based compensation	541,149	-
Travel, meals, accommodation	102,535	37,135
	$ 1,248,276	**$ 246,484**

1.3 Selected annual information

The following represents selected information of the Company for the three most recently completed financial years:

	2017	2016	2015
Net loss for the year	$ (3,196,810)	$ (660,499)	$ (460,357)
Total comprehensive loss for the year	(3,200,099)	(661,532)	(460,357)
Basic and diluted loss per share	(0.04)	(0.02)	(0.01)
Working capital	15,654,448	5,553,663	(414,442)
Total assets	18,022,273	6,792,568	223,518
Total long term liabilities	151,049	218,472	-
Shareholder's equity	(17,669,505)	(5,940,423)	(414,442)
Cash dividends per share	-	-	-

The Company generated no revenues from operations during the fiscal periods ended December 31, 2017, 2016 and 2015, other than interest income of $146,577, $10,872 and $1,714 respectively.

1.4 Results of operations

Years ended December 31, 2017 and 2016

Net loss for the year ended December 31, 2017 was $3,196,810 or $0.04 loss per share compared to a net loss of $660,499 or $0.02 loss per share for the previous year.

Significant variances are discussed as follows:

- During the year ended December 31, 2017, the Company incurred $2,106,857 in operating expenses compared with $176,949 in 2016. This increase is attributable primarily to share-based compensation of $1,232,009 in 2017 in relation to the 6,500,000 share purchase options granted during the year. There was no share-compensation recorded in 2016. There were also additional administrative and overhead costs incurred in 2017 to support the Newfoundland operations and project investigation activities which included consulting fees and wages, office and administration, travel, marketing and investor relations and legal and professional fees.

- Total project investigation expenditures for the year ended December 31, 2017 were $1,248,276, inclusive of $541,149 in share-based compensation expense, compared to $nil in the comparative period. These costs were incurred in connection with the investigation of potential mineral property acquisitions.

- Interest and other income for the year ended December 31, 2017 was $146,577 compared to 10,872 in the prior year. The increase was due to the higher cash balances on hand throughout 2017 after the Company raised $13.2 million in a private placement financing completed in February 2017.

- For the year ended December 31, 2017, the Company recorded a fair value gain of $67,423 in relation to the Gecon financial liability as the current assumptions applied to the liability resulted in a reduction to its measured fair value. In the prior year, the Company recorded Gecon startup costs of $245,935, of which $218,472 related to the initial recognition of the Gecon financial liability.

Three months ended December 31, 2017 and 2016

Net loss for the three months ended December 31, 2017 was $1,043,055 or $0.01 loss per share compared to a net loss of $564,802 or $0.01 loss per share for the same period in the previous year.

The reasons for the significant variance in the expenditures for the three months ended December 31, 2017 over the same period in 2016, are consistent with the reasons discussed for the year over year changes above.

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.5 Summary of quarterly results

The Company is a mineral exploration company and currently has no producing properties or operating income. However, the Company records interest earned on cash balances held at financial institutions, which depends upon cash balances available to fund its acquisition and exploration activities and administrative expenses. A summary of quarterly results is shown below:

Quarter ended	Interest and other income	Net loss	Total Comprehensive loss	Loss per share
	$	$	$	$
December 31, 2017	56,922	1,043,055	1,036,719	0.01
September 30, 2017	46,020	1,467,646	1,471,383	0.02
June 30, 2017	27,823	393,171	396,908	0.01
March 31, 2017	15,812	292,938	295,089	0.00
December 31, 2016	9,998	564,802	565,826	0.01
September 30, 2016	321	35,098	35,098	0.00
June 30, 2016	57	35,192	35,192	0.00
March 31, 2016	496	25,407	25,407	0.00

Up until September 30, 2016, the net loss and comprehensive loss for each quarter was relatively low due to management's efforts to minimize administration expenses. Starting in Q4 2016, the Company's net losses increased substantially over prior quarters, in part due to the inclusion of the Gecon start-up costs, but after decreasing in Q1 2017 the upward trend in the Company's net losses continued throughout 2017 as a result of the increased project investigation activities and support costs that the Company is incurring. Additionally, on August 30, 2017, the Company issued an initial option grant to employees and consultants resulting in stock based compensation being recorded in in Q3 and Q4 of 2017 which significant increase the net loss for those periods over previous.

1.6 Liquidity and capital resources

The Company finances its operations by raising capital in the equity markets. For the foreseeable future, the Company will need to rely on the sale of its securities to provide working capital and to finance its mineral property acquisition and exploration activities.

As at December 31, 2017, the Company had cash of $15,444,707 and working capital of $15,654,448 compared to cash of $5,864,033 and a net working capital of $5,553,663 as at December 31, 2016.

The cash balance of $15,444,707 as at December 31, 2017 is sufficient to meet the cash requirements for the Company's operating expenses and maintaining its mineral interests for at least the next twelve months as well as continue with its project investigation activities.

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.6 Liquidity and capital resources (continued)

Common share issuances

Year ended December 31, 2017

On February 27, 2017, the Company closed a private placement for gross proceeds of $13,195,000 (the "February 2017 Placement") pursuant to which the Company issued an aggregate of 20,300,000 common shares at a price of $0.65 per common share. Share issue costs related to the February 2017 Private Placement, which included commissions and professional and regulatory fees, totalled $447,036.

Intended Use of Proceeds of February 2017 Private Placement		**Actual Use of Proceeds to December 31, 2017**		**(Over)/under expenditure**
Offering Expenses	$447,036	Offering Expenses	$447,036	-
Project Acquisition and exploration	$10,747,964	Acquisition of Newfoundland project and exploration	-	$10,747,964
		Other project investigation costs	-	
Administration and general working capital	$2,000,000	Administration and general working capital	-	$2,000,000
Total	$13,195,000	Total	$447,036	$ 12,747,964
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		Up until December 31, 2017, the Company's expenditures were from existing treasury including the proceeds from the August 2016 Placement		

Year ended December 31, 2016

On August 30, 2016, the Company closed a private placement for gross proceeds of $7,000,000 (the "August 2016 Placement") pursuant to which the Company issued an aggregate of 20,000,000 common shares at a price of $0.35 per common share. Share issue costs related to the Private Placement, which included professional and regulatory fees, totalled $43,612.

Intended Use of Proceeds of August 2016 Private Placement		**Actual Use of Proceeds from September 1, 2016 to December 31, 2017**		**(Over)/under expenditure**
Offering Expenses	$43,612	Offering Expenses	$43,612	-
Project Acquisition and exploration	$4,956,388	Acquisition of Newfoundland project and exploration	$1,827,825	$2,147,489
		Other project investigation costs (including Gecon startup costs)	$981,074	
Administration and general working capital	$2,000,000	Administration and general working capital	$ 1,450,746	$549,254
Total	$7,000,000	Total	$4,303,257	$ 2,696,743
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		The Company has only expended a portion of the funds raised through the placement.		

Results of Operations for the Year Ended December 31, 2017 Expressed in Canadian Dollars

1.7 Off-balance sheet arrangements

The Company has not engaged in any off-balance-sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

1.8 Related party transactions

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Year ended December 31, 2017	**Year ended December 31, 2016**
Universal Mineral Services Ltd. [1]		
Included in the statement of loss and comprehensive loss:		
Bank charges	$ 1,952	$ 910
Consulting fees, directors' fees, wages and benefits	175,862	82,697
Office, rent and administration	134,219	57,010
Project investigation expenditures	93,621	3,265
Regulatory, transfer agent and shareholder information	8,197	2,153
Travel, marketing and investor relations	4,029	-
Capitalized to mineral property interest:		
Newfoundland project	194,897	13,486
Total transactions for the years	$ 612,777	$ 159,521

1) Universal Mineral Services Ltd., ("UMS") is a private company with two directors and one officer in common that, pursuant to an agreement dated December 30, 2015, provides office space and administrative services to the Company on a cost recovery basis. The outstanding balance owing at December 31, 2017 was $43,194 (December 31, 2016 - $30,388) and prepaid expenses and deposits balance was $50,000 (December 31, 2016 - $31,000).

Effective June 30, 2013, UMS agreed to settle historic payable balances totaling $609,388 with a note payable for an equivalent value. The note payable was repaid in full effective August 30, 2016.

Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management members:

	Year ended December 31, 2017	**Year ended December 31, 2016**
Short-term benefits	$ 233,735	$ -
Share-based compensation	1,041,246	-
	$ 1,274,987	$ -

1.9 Subsequent event

None.

1.10 Proposed transactions

None.

1.11 Critical accounting estimates

This section is not required as the Company is a Venture Issuer, as the term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

1.12 Changes in accounting policies

Revenue Recognition

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of this standard will not impact the Company's consolidated financial statements, as currently the Company does not earn revenues.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of this standard will not impact the Company's consolidated financial statements as currently the Company does not hold any financial instruments for which the underlying accounting will be impacted.

Leases

In January 2016, the IASB published a new accounting standard, IFRS 16 – Leases ("IFRS 16") which supersedes IAS 17 – Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, has also been applied. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its consolidated financial statements.

1.13 Financial instruments and other instruments

As at December 31, 2017, the Company's financial instruments consist of cash, accounts payable and accrued liabilities and the Gecon financial liability. The fair values of cash, accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

As at December 31, 2017 and 2016, the only financial instrument measured at fair value was the Gecon financial liability, which is classified under level 3 of the fair value hierarchy. The Gecon financial liability was revalued at December 31, 2017 to $151,049 (2016 - $218,472) with the change in fair value of $67,423 since December 31, 2016 recognized in the comprehensive statement of loss. The fair value measurement was based on the following assumptions:

- Average undiscounted cash settlement value of USD 125,000 (2016 - USD 170,000)
- Expected timing of the cash settlement of 2 years (2016 - 3 years)
- Risk free interest rate of 1.89% (2016 - 1.47%) based on US Treasury Bill interest rates
- Foreign exchange rate of 1.2545 CAD for 1 USD based on the Bank of Canada exchange rate at December 31, 2017 (2016 - 1.34 CAD for 1 USD).

1.13 Financial instruments and other instruments (continued)

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and market risks. As at December 31, 2017 and 2016 credit risk and liquidity risk do not have a material impact on the Company's consolidated financial statements. The quantitative impact of the market risk on the Company's net loss for the period is presented as follows:

(a) Market risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Significant market risks to which the company is exposed are:

Foreign currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency (the Canadian dollar). As at December 31, 2017, the Company held net financial assets denominated in US dollars in the amount of $817,715 (December 31, 2016 - $165,642) and net financial assets denominated in Euro of $26,530 (December 31, 2016 – $33,632).

A 10% increase or decrease in the US dollar and Euro exchange rates would result in an increase/decrease of approximately $84,425 in the Company's net loss for the year ended December 31, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash earns interest at floating rates paid on deposits. The interest is typical of Canadian banking rates, which are at present low, however the conservative investment strategy mitigates the risk of deterioration to the investment. A 1% change in the annualized interest rate would not result in a material change in the Company's net loss for the year ended December 31, 2017.

1.14 Other requirements

1.14.1 Capital structure

Authorized share capital consists of: Unlimited number of common shares without par value.

Issued share capital:

As at April 24, 2018, there are 77,324,164 common shares of the Company issued and outstanding.

As at December 31, 2017, there were 77,324,164 common shares of the Company issued and outstanding.

As at April 24, 2018 there were 6,440,000 share purchase options and nil warrants outstanding.

As at December 31, 2017 there were 6,440,000 share purchase options and nil warrants outstanding.

1.14.2 Disclosure controls and procedures

As defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the years ended December 31, 2017 and 2016.

1.14.2 Disclosure controls and procedures (continued)

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Note: As a Venture Issuer, the Company is not required to certify the design and evaluation of the issuer's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") and has not completed such an evaluation; and there are inherent limitations on the ability of Management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

Additional disclosures pertaining to the Company's Management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors,

"Michael Kosowan"
Michael Kosowan
President and Chief Executive Officer
April 24, 2018