TORQ RESOURCES

(Formerly Stratton Resources Inc.)

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

For the three months ended March 31, 2018

Dated: May 29, 2018

HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND THE PERIOD UP TO MAY 29th, 2018

Corporate highlights

- On May 8, 2018, Torq Resources Inc. ("Torq" or the "Company"), acquired the rights to the West Mercur gold project ("West Mercur"). The project consists of approximately 4,000 hectares of mineral rights in western Utah and is located about 60 km southwest of Salt Lake City, 5 km west of the historic Mercur gold mine, and 20 km southwest from Bingham Canyon - one of the top producing copper and gold mines in the world.

- Effective March 15, 2018, the Company acquired the Speedway gold project ("Speedway"), which is located in western Utah, approximately 7 km from the Nevada border, and about 50 km from Newmont's Long Canyon mine. The Speedway property, which is held through a mineral lease agreement, consists of approximately 1,080 hectares of prospective terrain which hosts a large gold-in-bedrock anomaly.

- 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.

Operational highlights

- The Company is continually reviewing and evaluating 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.) has been prepared by management to assist the reader to assess material changes in the interim financial condition and results of operations of the Company as at March 31, 2018 and for the three months then ended. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three months ended March 31, 2018 and 2017. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2017, except as outlined in note 2 of the March 31, 2018 condensed consolidated interim financial statements. All financial information has been prepared in accordance with IFRS and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is May 29, 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 Three Months Ended March 31, 2018 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%
Torq USA Inc.	Nevada, USA	100%
Gecon OOD	Bulgaria	100%
Archelaus Resources DOOEL (inactive)	Macedonia	100%

The Company is in the process of winding up Archelaus 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. 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 Three Months Ended March 31, 2018 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**

2018 Newfoundland exploration program - Gander Gold Project

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 2017 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 Utah Exploration Projects

On March 15 and May 8, 2018, the Company acquired the Speedway and West Mercur gold projects, respectively, located in northwestern Utah, USA (See figure 1).

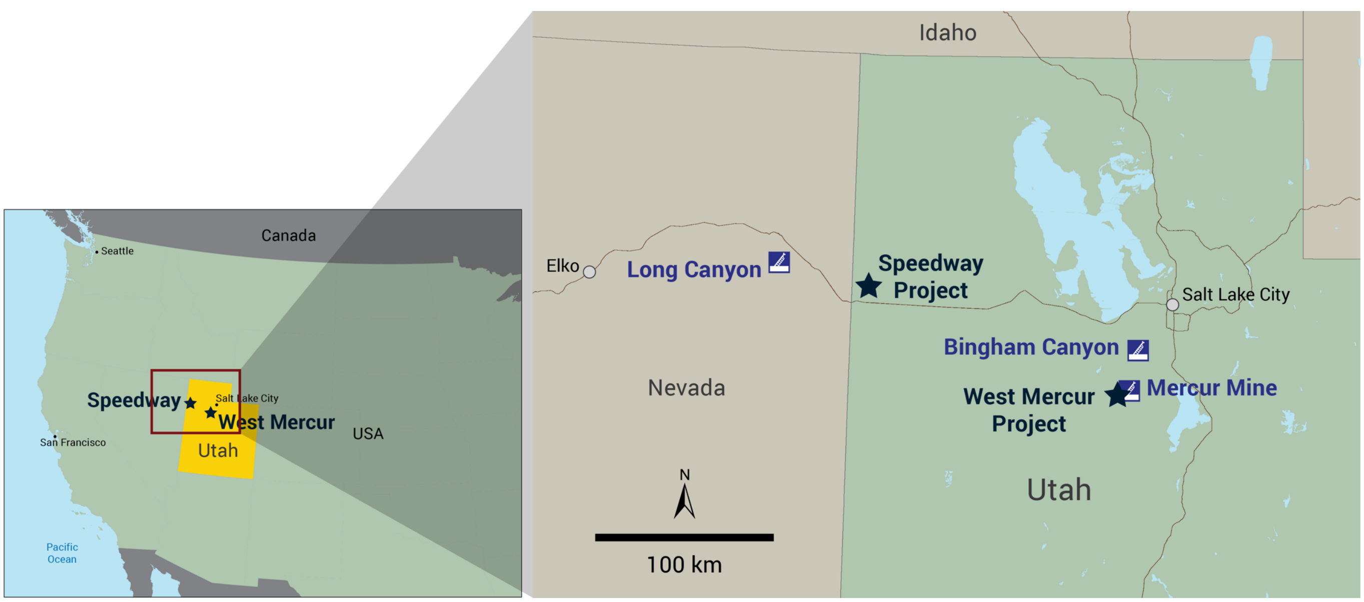

Figure 1 – Location of Speedway and West Mercur projects in relation to surrounding mining projects.

1.2.3 Utah Exploration Projects (continued)

Speedway

Effective March 15, 2018, the Company acquired the Speedway gold project, which is located in northwestern Utah, approximately 7 km from the Nevada border, and about 50 km from Newmont's Long Canyon mine. The Speedway property, which is held through a mineral lease agreement, consists of approximately 1,080 hectares of prospective terrain which hosts a large gold-in-bedrock anomaly.

Under the terms of the Speedway Agreement (the "Lease Agreement"), the Company paid US$25,000 upon signing and will be required to pay steadily escalating annual lease payments as well as the underlying claim fees. There is no required work commitment and the Lease Agreement can be terminated at any time after one year. The Lease Agreement may be bought-out at any time for US$1,000,000 subject to a buyable 2% royalty to the underlying owner.

West Mercur

On May 8, 2018, Torq acquired the rights to the West Mercur gold project. The project consists of approximately 4,000 hectares of mineral rights in western Utah and is located about 60 km southwest of Salt Lake City, 5 km west of the historic Mercur gold mine, and 20 km southwest from Bingham Canyon - one of the top producing copper and gold mines in the world

West Mercur is currently held by Rush Valley Exploration Inc. ("RVX"), a private company. Under the terms of the agreement, which is made with RVX and its three principal shareholders (the "Mercur Agreement"), Torq may acquire up to 100% of RVX at any time within a two-year period by paying US$2.4 million in a combination of cash and common shares to RVX's shareholders, subject to TSX Venture acceptance and availability of prospectus exemptions. During the two-year term of the Mercur Agreement, Torq is required to maintain the mineral interests in good standing and fund at least US $500,000 in recent and planned exploration.

2018 Exploration Plans

During Q2 of 2018, the Company anticipates commencing initial exploration programs at both Speedway and West Mercur. These initial programs will most likely include geologic mapping and systematic rock sampling to determine the structural and stratigraphic controls on gold mineralization. The team is also designing geophysical and grid-based geochemical programs to define Carlin-style gold targets across both projects. It is estimated that these initial programs will cost between $350,000 to $600,000.

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 statement of loss and comprehensive loss.

Results of Operations for the Three Months Ended March 31, 2018 Expressed in Canadian Dollars

1.2.5 Project investigation costs

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 three months ended March 31, 2018 and 2017 and include all costs incurred within Bulgaria and other project investigation activities in the United States, Canada and Mexico.

	Three months ended December 31,	
	2018	**2017**
Assays	$ 1,948	$ 23,305
Equipment, vehicles rent and field supplies	146	2,476
Geological consulting, salaries and wages	94,126	64,696
Project support costs	5,352	-
Share-based compensation	113,933	-
Travel, meals, accommodation	21,675	21,466
	$ 237,180	**$ 111,943**

1.3 Selected annual information

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

	2017 (Restated)	**2016 (Restated)**	**2015**
Net loss for the year	$ (4,439,520)	$ (1,049,551)	$ (460,357)
Total comprehensive loss for the year	(4,442,809)	(1,050,575)	(460,357)
Basic and diluted loss per share	(0.06)	(0.02)	(0.01)
Working capital	15,654,448	5,553,663	(414,442)
Total assets	16,390,511	6,403,516	223,518
Total long term liabilities	151,049	218,472	-
Shareholder's equity	(16,037,743)	(5,551,371)	(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.

Due to a voluntary change in accounting policy (see section 1.12) the Company has restated certain 2017 and 2016 amounts. The change in policy did not have any impact on the 2015 figures.

Results of Operations for the Three Months Ended March 31, 2018 Expressed in Canadian Dollars

1.4 Results of operations

Three months ended March 31, 2018 and 2017

Net loss for the three months ended March 31, 2018 was $862,914 or $0.01 loss per share compared to a net loss of $367,030 or $0.01 loss per share for the three months ended March 31, 2017.

Significant variances are discussed as follows:

- For the three months ended March 31, 2018, the Company incurred $128,004 in exploration and evaluation costs compared to $74,092 for the same quarter in the prior year. The increase in costs in the current period relates primarily to the inclusion of share-based compensation of $85,437, and an increase in assays, wages and consultant costs related to review and interpret the results of the 2017 Gander follow-up till and biogeochemical sampling program in Newfoundland.

- For the three months ended March 31, 2018, the Company recorded $442,050 in fees, salaries and other employee benefits which included share-based compensation expense of $309,036 attributable to the 6,500,000 share purchase options that were granted in Q3 2017. Fees, salaries and other employee benefits recorded for Q1 2017 were only $105,386 as there was no share-based compensation for the period.

- Investor relations and marketing costs increased in Q1 2018 to $55,329 from $11,138 in Q1 2017. The increase relates to management's attendance at additional conferences and investor relations engagements to help communicate the Company's story as it continues to increase its exploration activities as well as its mineral property investigation and acquisition activities.

- Total project investigation expenditures for the three months ended March 31, 2018 were $237,180 compared to $111,943 in the comparative period. The current period costs are inclusive of $113,933 in share-based compensation expense compared to $nil in the prior period. Project investigation costs are incurred in connection with the investigation of potential mineral property acquisitions and in the current period include early stage costs related to the investigation of the Speedway and West Mercur projects before term sheets were signed.

- Interest income for the three months ended March 31, 2018 was $59,986 compared to $15,812 in the prior period. The increase was due to the higher cash balances on hand throughout Q1 2018 after the Company raised $13.2 million in a private placement financing completed in late February 2017.

<u>Summary of Project Costs</u>

During the three months ended March 31, 2018, the Company spent $66,403 on mineral property acquisition costs and $128,004 on exploration and evaluation costs on its projects as outlined below:

	Newfoundland	Utah	Total
Acquisition costs			
Balance as at December 31, 2017	$ 534,344	$ -	$ 534,344
Direct acquisition costs	-	57,773	57,773
Other acquisition costs	-	8,630	8,630
Balance as at March 31, 2018	**$ 534,344**	**$ 66,403**	**$ 600,747**

Results of Operations for the Three Months Ended March 31, 2018 Expressed in Canadian Dollars

1.4 Results of operations (continued)

	Newfoundland	Utah	Total
Exploration and evaluation costs			
Aircraft and travel	$ 4,201	$ 239	$ 4,440
Assays	82,997	-	82,997
Project support cost	450	-	450
Wages and consultants	24,672	139	24,811
Share-based compensation	85,437	-	85,437
Recoveries	(70,131)	-	(70,131)
Total for the three months ended March 31, 2018	**$ 127,626**	**$ 378**	**$ 128,004**

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
	$	$	$	$
March 31, 2018	59,986	862,914	862,178	0.01
December 31, 2017[1]	56,922	1,606,957	1,604,358	0.02
September 30, 2017[1]	46,020	1,803,787	1,803,787	0.02
June 30, 2017[1]	27,823	661,746	665,483	0.01
March 31, 2017[1]	15,812	367,030	369,191	0.01
December 31, 2016[1]	9,998	953,854	954,878	0.02
September 30, 2016	321	35,098	35,098	0.00
June 30, 2016	57	35,192	35,192	0.00

[1] Certain figures have been restated for the change in accounting policy (see section 1.12)

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. Additionally, on August 30, 2017, the Company issued an initial option grant to employees and consultants resulting in share-based compensation being recorded in Q3 and Q4 of 2017 and Q1 2018 which significantly increased the net loss for those periods over previous periods. The net loss for Q1 2018 has dropped off in comparison to the last two quarters due to the timing of the exploration programs at the Newfoundland projects which happened in Q3 and Q4 2017.

1.6 Liquidity and capital resources

As at March 31, 2018, the Company had cash of $14,870,842 and working capital of $15,239,194 compared to cash of $15,444,707 and working capital of $15,654,448 as at December 31, 2017. The cash balance of $14,870,842 as at March 31, 2018 is sufficient to meet the cash requirements for the Company's operating expenses and maintaining its mineral interests for the foreseeable future as well as continue with its project investigation activities. The Company does not foresee the requirement to raise additional capital in the next twelve months but may do so if the Company's operations materially change.

Results of Operations for the Three Months Ended March 31, 2018 Expressed in Canadian Dollars

1.6 Liquidity and capital resources (continued)

Common share issuances - Years ended December 31, 2017 and 2016

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 March 31, 2018		(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 March 31, 2018, the Company's expenditures were from existing treasury including the proceeds from the August 2016 Placement		

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 March 31, 2018		(Over)/under expenditure
Offering Expenses	$43,612	Offering Expenses	$43,612	-
Project Acquisition and exploration	$4,956,388	Acquisition of Newfoundland project and exploration	$1,940,145	$1,782,898
		Other project investigation costs (including Gecon startup costs)	$1,233,345	
Administration and general working capital	$2,000,000	Administration and general working capital	$ 1,660,020	$339,980
Total	$7,000,000	Total	$4,877,122	$ 2,122,878
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. During Q1 2018 other project investigation costs include mineral property acquisition costs and deferred acquisition costs related to Speedway and West Mercur respectively.		

Results of Operations for the Three Months Ended March 31, 2018 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. All amounts payable and receivable are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended March 31, 2018	Three months ended March 31, 2017
Universal Mineral Services Ltd. [1]		
Included in the statement of loss and comprehensive loss:		
Bank charges	$ 296	$ 571
Consulting fees, wages and benefits	79,395	38,910
Office, rent and administration	20,794	34,913
Project investigation costs	6,035	31,675
Regulatory, transfer agent and shareholder information	-	612
Travel, marketing and investor relations	221	-
Exploration and evaluation costs		
Newfoundland	-	6,442
Utah	139	-
Capitalized to mineral property interest:		
Utah Projects	4,627	-
Total transactions for the years	**$ 111,507**	**$ 113,123**

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 March 31, 2018 was $55,263 (December 31, 2017 - $43,194) and prepaid expenses and deposits balance was $150,000 (December 31, 2017 - $50,000).

Key management compensation

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

	Three months ended March 31, 2018	Three months ended March 31, 2017
Short-term benefits	$ 63,795	$ 53,580
Share-based compensation	236,575	-
	$ 300,370	**$ 53,580**

1.9 Subsequent event

See discussion of West Mercur in section 1.2.3.

1.10 Proposed transactions

None.

Results of Operations for the Three Months Ended March 31, 2018 Expressed in Canadian Dollars

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

Effective January 1, 2018 the Company adopted 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 adoption of this standard did not impact the Company's financial statements, as currently the Company does not earn revenues.

Financial instruments

Effective January 1, 2018 the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaces 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 adoption of this standard did not impact the Company's financial statements as currently the Company does not hold any financial instruments for which the underlying accounting is impacted.

Change in accounting policy for exploration and evaluation costs

Effective January 1, 2018 the Company elected to change its accounting policy for exploration and evaluation costs incurred subsequent to the acquisition of a mineral property interest. Previously the Company had capitalized these costs as part of mineral property interests in accordance with IFRS 6 which allows for mining exploration companies to either capitalize or expense such costs.

Management determined that expensing exploration and evaluation costs would provide more relevant information to many of its financial statements users, as it would allow for comparisons to be drawn against its Canadian peers, many of which choose to expense such costs. Management believes that the new policy will assist users' review and analysis of the Company's financial statements as the statement of loss and comprehensive loss more fully reflects the activities and related expenditures for any given period.

The Company will continue to capitalize the costs incurred to acquire the right to explore a mineral property until the right is lost or the value of the mineral property is determined to be impaired.

See note 2 (a) of the Company's March 31, 2018 condensed consolidated interim financial statements for the Company's revised accounting policy on exploration and evaluation costs and mineral property interests.

As a result of this voluntary change in accounting policy, the Company has restated certain prior period amounts within the March 31, 2018 condensed consolidated interim financial statements to be in accordance with this new policy. The impact on prior period amounts is outlined below:

Statements of Financial Position

As at January 1, 2017	**As previously reported**	**Adjustment**	**Restated**
Mineral property interests	605,232	(389,052)	216,180
Deficit	35,201,369	389,052	35,590,421

As at December 31, 2017	**As previously reported**	**Adjustment**	**Restated**
Mineral property interests	2,166,106	(1,631,762)	534,344
Deficit	38,398,179	1,631,762	40,029,941

Results of Operations for the Three Months Ended March 31, 2018 Expressed in Canadian Dollars

1.12 Changes in accounting policies (continued)

Statements of Loss and Comprehensive Loss

Three months ended March 31, 2017	As previously reported	Adjustment	Restated
Exploration and evaluation costs	-	74,092	74,092
Loss for the period	292,938	74,092	367,030
Net comprehensive loss	295,089	74,092	369,181
Loss per share (basic and diluted)	$0.00	$0.00	$0.01

Statement of Cash Flows

Three months ended March 31, 2017	As previously reported	Adjustment	Restated
Loss for the period	(292,938)	(74,092)	(367,030)
Changes in non-cash working capital			
Accounts payable and accrued liabilities	99,175	(203,144)	(103,969)
Cash used in operating activities	(277,955)	(277,236)	(555,191)
Exploration and evaluation costs	(277,236)	277,236	-
Cash used in investing activities	(261,424)	277,236	15,812

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 March 31, 2018, 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 March 31, 2018 and 2017, 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 March 31, 2018 to $155,970 (December 31, 2017 - $151,049) with the change in fair value of $4,921 since December 31, 2017 recognized in the statement of loss and comprehensive loss.

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and market risks. Details of the primary risks to which the Company is exposed as at March 31, 2018 are laid out in the notes to the Company's March 31, 2018 condensed consolidated interim financial statements.

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 May 29, 2018, there are 77,324,164 common shares of the Company issued and outstanding.

As at March 31, 2018, there were 77,324,164 common shares of the Company issued and outstanding.

As at May 29, 2018 there were 6,408,750 share purchase options and nil warrants outstanding.

As at March 31, 2018 there were 6,408,750 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 condensed consolidated interim financial statements as at and for the three months ended March 31, 2018 have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the annual audited consolidated financial statements for the years ended December 31, 2017 and 2016.

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
May 29, 2018