OTIS

GOLD CORP

Management Discussion and Analysis

For the three months ended September 30, 2017

Background

This management discussion and analysis, ("MD&A"), prepared as at November 28, 2017, provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Gold Corp. (the "Company" or "Otis") as at September 30, 2017. The MD&A should be read in conjunction with the audited consolidated financial statements of Otis for the years ended June 30, 2017 and the unaudited consolidated financial statements for the three months ended September 30, 2017 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following MD&A are presented in Canadian dollars. The Audit Committee of the Board of Directors of the Company has approved this document pursuant to its mandate and charter.

Nature of Business

Otis Gold Corp. was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007 as Otis Capital Corp. and changed its name to Otis Gold Corp. on January 14, 2009. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OOO, and on the OTC Market ("OTC") under the trading symbol OGLDF. The Company is in the business of acquiring and exploring unproven mineral interests.

Forward Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward looking statements. The Company's actual results may differ significantly from those anticipated in the forward looking statements and readers are cautioned not to place undue reliance on these forward looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.

Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", 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". Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

Exploration and Evaluation Assets

Kilgore Gold Project

In July 2008 the Company entered into a joint venture on the Kilgore Gold Project (or "Kilgore") located in Clark County, Idaho and the Hai and Gold Bug properties located in Lemhi County, Idaho. Initially, Kilgore was covered by 162 federal lode mining claims and the Hai and Gold Bug properties were covered by 19 federal lode mining claims. Under this joint venture agreement, the Company could earn up to a 75% joint venture interest in the Kilgore Gold Project and the Hai and Gold Bug properties, subject to a 2% net smelter royalty ("NSR"). Under the joint venture, the Company paid US $200,000, issued 1,300,000 common shares and completed over US $3,000,000 in exploration expenditures.

In December 2010, the Company purchased a 100% interest in the Kilgore Gold Project for 2,000,000 common shares (issued at their fair value of $1,320,000) and staged payments of US $1.75 million. The first payment of US $750,000 was made in January 2011, the second payment of US $750,000 was made in April 2011, and the final payment of US $250,000 was made in November 2011. As a result of this transaction, Otis earned a 100% interest in the Kilgore, Hai and Gold Bug properties, and the prior existing 2% NSR was eliminated.

The Kilgore Gold Project currently comprises 488 unpatented federal lode mining claims located on US Forest Service land and one 480 acre Idaho State Land Use Permit. The land package covers approximately 9,080 acres.

Kilgore is a volcanic-hosted epithermal gold system situated on the northern margin of the eastern Snake River Plain. Mineralization is hosted within Miocene age lithic tuff intruded by felsic dikes on the margin of an ancient caldera setting. Mineralization is analogous to that characterizing the Round Mountain, Nevada and McDonald Meadows, Montana, both which are multi-million ounce volcanic-hosted disseminated gold deposits. Between 1983 and 1996, Placer Dome, Bear Creek, Pegasus Gold and Echo Bay drilled approximately 37,260 meters in 190 holes.

Upon acquiring its initial interest in 2008, Otis submitted a "20 site" Plan of Operation that was accepted by the Caribou-Targhee National Forest. In March and April 2009, Otis released favourable drilling results from four core-holes drilled in November and December 2008. The four holes totaled approximately 630 metres of drilling at the Kilgore Gold Project. The results confirmed the presence of high-grade gold values from potentially mineable thicknesses and intervals within a higher-grade core zone in the Kilgore Mine Ridge area. The results also provide details regarding the attitudes and structural controls of some of the quartz stockwork vein-type gold mineralization present.

In December 2009, the Company completed a further 12 core drill holes totaling approximately 3,100 metres of drilling in the Mine Ridge Area. The majority of the holes contain mineralized thickness and average grades substantially greater than the majority of the intervals previously released. These new intervals could serve to increase the overall size and grade of the Kilgore bulk-tonnage deposit, further enhancing the deposit economics. Additionally, a Controlled Source Audio-Frequency Magnetotellurics (or "CSAMT") geophysical survey was completed in November 2009 in the Dog Bone Ridge area (immediately to the southwest of the Mine Ridge area) which identified the presence of numerous sizable and geologically significant resistivity anomalies.

The 2010 drill program consisted of approximately 7,700 metres; approximately 6,650 metres was spread amongst 35 core holes, conducted in the Mine Ridge area utilizing two core rigs, and approximately 1,100 metres was spread amongst 5 holes at certain Dog Bone Ridge geophysical targets. The drill results from the Mine Ridge area showed significant gold mineralization and the deposit has increased to over 365 metres in length in a northerly direction and remains open to the south, north, northwest and east. These results continue to support a high degree of confidence concerning continuity of mineralization throughout the deposit that should result in an increase in the overall size and economic viability of the Mine Ridge deposit. At Dog Bone Ridge, the Company intercepted a 138 metre interval of anomalous gold in 1 of the 5 target holes and plans further drill testing in this area. The Company also released positive metallurgical results and a favourable environmental scoping study indicating that there are no material impediments to permitting an open pit, heap leach mine at Kilgore.

In 2011, 41 core holes were drilled totaling approximately 9,200 metres. 28 of the 41 holes were mineralized and the remaining holes served to delimit the outer boundary of the deposit; an additional 2 holes were drilled as metallurgical test holes. Highlights of the 2011 drill program include:

- The core of the Mine Ridge deposit increased by 74% in length, from 460 metres to approximately 800 metres in a northwest-southeast direction;
- The Mine Ridge deposit remains open to the north, northwest and southeast, resulting in significant potential for deposit expansion; and
- A discovery hole was drilled in the Prospect Ridge target, located immediately to the southeast of the Mine Ridge deposit area.

The Company also collected soil samples from the “North Soil Grid” and the “South Soil Grid” situated along the strike projection of the Northwest Fault, known to be the feeder to the Kilgore "Mine Ridge" Deposit. The results from the North Soil Grid display strong linear gold-in-soil anomalies that trace the extension of the Northwest Fault for a minimum of 400 metres to the northwest and potentially represent the surface manifestation of feeder faults that supplied the gold-rich hydrothermal fluids into the deposit’s host rocks. Results from the South Soil Grid identified a large, and previously untested, anomalous area in the Prospect Ridge target area.

On July 31, 2012, the Company released a National Instrument 43-101 Resource Estimate (NI 43-101). This was the first resource estimate prepared by Otis since acquiring the property in 2008. The updated resource estimate includes all historical drilling, plus an additional 92 core holes (totaling 19,630 m) drilled by Otis between 2008 and 2011.

Highlights of the NI 43-101 include:

- An Indicated Resource of 520,000 oz Au in 27.35 million tonnes at a grade of 0.59 g/t Au; this new Indicated Resource represents an increase of 138% in the number of ounces and 328% in the number of tonnes over the 2002 Estimate; and
- An Inferred Resource of 300,000 oz Au in 20.23 million tonnes at a grade of 0.46 g/t Au; this new Inferred Resource represents an increase of 12% in the number of ounces and 131% in the number of tonnes over the 2002 Estimate.

The results from Otis’ drilling programs moved previously defined Inferred resources into the Indicated category and added new resources to both the Indicated and Inferred categories.

In November 2012, the Company conducted a drilling program consisting of 1,009 metres of drilling in 6 reverse circulation holes designed to offset and extend the 100-metre-plus thick, near-surface intercepts encountered in Otis discovery core holes drilled into the North Target area in 2011. All six holes drilled were mineralized, with four containing significant bulk-tonnage thicknesses and gold grades.

Collectively, Otis’ 2012 drilling further defined and extended the previously discovered North Target portion of the Kilgore Deposit, where all of the thick, bulk-tonnage intercepts remain open-ended to the northwest along the strike of the deposit. Significant room for expansion of the deposit through additional drilling of the open-ended mineralization remains in this area. The new intercepts, along with Otis’ original 2011 North Target area discovery intercepts, were the thickest, some of the shallowest, and some of the highest-grade bulk tonnage hits drilled by the Company at Kilgore since acquiring the property in 2008.

In January 2015, the Company announced the receipt of final Decision Notice from the US Forest Service approving the construction of up to 1,200 metres of new access roads and drilling on 16 sites in the North Target area. The approval was received after completion of an Environmental Assessment (or “EA”) covering the Kilgore Gold Project. In September of 2015, the Company then initiated road construction and a reverse circulation drill program totaling 3,267 metres over 19 holes. Noteworthy intercepts of significant thickness and grade in an emerging area now referred to as the “Crab Claw”, which were announced on January 14, 2016, included**:**

- 56.4 m of 2.05 g/t Au in hole 15 OKR-304 (ended in mineralization)
- 59.5 m of 3.79 g/t Au in hole 15 OKR-305
- 50.3 m of 4.24 g/t Au in hole 15 OKR-308 (ended in mineralization)
- 94.5 m of 4.21 g/t Au in hole 15 OKR-309 (ended in mineralization)

Other similarly thick, but lower-grade intercepts, include:

- 100.5 m of 0.60 g/t Au in hole 15 OKR-296
- 100.0 m of 0.57 g/t Au in hole 15 OKR-302 (ended in mineralization)
- 51.8 m of 0.64 g/t Au in hole 15 OKR-309 (ended in mineralization)

To follow up on the results achieved in 2015, the Company conducted a 40 hole, 10,300 metre drill program aimed at testing the extension of open-ended drilling achieved in what is known as the Aspen Formation in the "Crab Claw". Analytical results confirmed the presence of gold mineralization in the Aspen Formation sedimentary host rocks with a majority of these intercepts of both high grade and longer intervals than most of those encountered in prior drilling at Kilgore.

In September and October of 2016, the Company staked an additional 230 federal unpatented lode mining claims in Clark County, Idaho on land contiguous to the existing Kilgore Gold Project mining claims (bring total claims to 488). To further follow up on the 2016 drill results, the Company commenced a 25 hole, 8,000 metre drill program in July 2017. The Company is also in the process of completing a ground geophysical survey and a detail program of soil and stream sediment sampling to better define drill targets outside of the current resource area (including emerging targets known as Gold Ridge, Prospect Ridge, Dog Bone Ridge and the Aspen Gossan.

Hai and Gold Bug Projects: On June 30, 2017, the Company sold its Hai and Goldbug projects to Strata Minerals Inc. ("Strata") for 2,750,000 common shares of Strata, valued at their closing price of $0.35 on June 30, 2017, and $100,000. The Company will receive a net smelter returns royalty ("NSR") of 1.0% on production of gold from the properties. The NSR may be bought back by Strata at any time upon payment of US $ 2,000,000.

Oakley Project. The project consists of 3 primary targets – Blue Hill Creek, Matrix Creek and Cold Creek.

Blue Hill Creek (or "BHC"): On June 11, 2008, the Company entered into an agreement in principal to acquire a 100% interest in the Blue Hill Creek Gold Project located in Cassia County, Idaho; the property consists of 36 unpatented federal lode mining claims totaling 720 acres and an adjacent 80 acre Idaho State Mineral Lease.

Blue Hill Creek occurs within a north-trending, five-mile-long by one-mile-wide zone of low-sulfidation, hot spring-type gold occurrences along the western margin of the Albion Range metamorphic core complex. The BHC sinters and related gold-silver mineralization were discovered in 1985 during regional exploration by Meridian Minerals. The related epithermal mineralization is hosted in Tertiary volcanic and sedimentary rocks of the Tertiary Salt Lake formation. As identified in a NI 43-101 Technical Report (see News Release dated September 23, 2016), BHC has an Inferred Mineral Resource of 9,972,000 tonnes grading 0.51 g/t and containing 165,000 ounces of gold. Mineralization at BHC is open in multiple directions.

Up to January 2013, the Company had paid a total of US $238,000 and issued 6,000,000 common shares (at their estimated fair value of $2,550,000) to acquire an undivided 80% interest in BHC. These claims were initially subject to a 2.5% net smelter royalty ("NSR") to be paid to the original claim vendors. At any time, the Company may buy the NSR, or a portion thereof, for US $1,000,000 per percentage point (i.e. $2,500,000 for the entire NSR).

In January 2013, the Company signed a Letter of Intent to Joint Venture its Oakley Project ("Oakley) with Lateral Gold Corp. ("Lateral") on both the BHC and Cold Creek portions of the project. The Company received $50,000 and 200,000 common shares of Lateral under this agreement. No work was completed by Lateral on Oakley in the first year of this Option Agreement, and as a result, on April 29, 2014, the Company terminated the Option Agreement with Lateral having earned no interest.

In July 2014, the Company signed a second Letter of Intent (the "Agreement") to joint venture the BHC portion of Oakley with Radius Gold Inc. ("Radius"). The Agreement allowed Radius to earn a 70% interest in BHC in exchange for a total of $525,000 in cash and a cumulative total of $5,000,000 in exploration expenditures over four years; a cash payment of US$30,000 was received on execution of the Agreement. At approximately the same time, the Company agreed with the owners of the remaining 20% of BHC and Matrix Creek to acquire the remaining interest for staged payments of US$60,000. In 2014, Radius completed five diamond drill holes totalling 1,308m. Three holes intercepted gold mineralization, including 0.691 gpt Au over 123m (BHC14-01), 0.705 gpt Au over 41.1m (BHC14-03) and 0.405 gpt Au over 113.9m (BHC14-04) (see Otis Gold News Release dated February 5, 2015). The significant near-surface mineralized intervals intercepted were consistent with historical drilling results in the same area and expanded on the potential for a near-surface gold deposit. While this initial drill program did not identify deep feeder structures to the near surface mineralization, it was successful in confirming and expanding upon historic drilling. Additional analysis and discussion are being conducted to determine the next steps in developing this target, which will include additional step-out drilling and metallurgical testing. Despite this progress, the agreement with Radius was terminated in May 2015 and the Company's right to acquire the residual 20% interest in BHC and Matrix Creek has since expired.

In March 2017, the Company acquired the final 20% and now has a 100% interest in the Blue Hill Creek property in exchange for the issuance of 380,000 common shares. Under the agreement, the NSR was reduced to 2.0%.

Matrix Creek: The Company has an 100% interest in the Matrix Creek property, located in Cassia County, Idaho. The property is contiguous to BHC and consists of 41 unpatented federal lode mining claims totaling 820 acres and a 320 acre Idaho State Mineral Lease. A 2.0% NSR is payable to the original vendors on production of gold.

Matrix Creek ("MC") is distinctive from BHC in terms of mineralization, host lithology and structure. MC is located southeast and south of BHC and is named because it is characterized by a distinctive carapace of breccia up to 12 meters thick which consists of quartzite fragments separated by black to dark grey aphanitic matrix material consisting of extremely fine-grained quartz and pyrite. The breccias are strongly anomalous for both gold and silver (surface grab samples collected by Otis show values up to 1.61 ppm Au and 306 ppm Ag). While little work has been completed by Otis on MC, it seems likely that the breccias formed along a detachment fault associated with the exhumation of the metamorphic core complex that forms the core of the Albion Range immediately to the east. The relationship between the mineralization at MC and BHC is ambiguous. The breccias cut through both properties and may be much thicker in the subsurface at BHC than is suggested by surface outcrop. The high-angle faults associated with the BHC graben cut and displace the low angle MC detachment structure. The high-angle faults therefore post-date the MC detachment system. Because these faults appear to cut through the mineralized detachment at MC, the detachment may have served as a source for the gold for the BHC hydrothermal system.

The Company issued 380,000 common shares as consideration for the final 20% interest in BHC and Matrix Creek.

Cold Creek: The Cold Creek Gold Project, located in Cassia County, Idaho, comprises 53 unpatented federal lode mining claims located approximately 5 miles north of the Company's Blue Hill Creek Gold Project. Otis acquired the claims in exchange for payment of the costs associated with staking the property.

The Cold Creek precious metal system lies on the western margin of the Albion metamorphic core complex. Alteration and gold mineralization are hosted within a conglomeratic sandstone. The Cold Creek zone consists of a northwest-trending, fault bounded graben, filled by more than 450 feet of Tertiary sedimentary rocks which unconformably overlie Paleozoic sedimentary rocks. Pervasive silicification with locally strong stockwork chalcedonic quartz veins are the primary alteration types. Fine-grained pyrite is ubiquitous in the pervasively silicified and oxidized rock. Surface dimensions of these altered measure at least 1,000 feet x 3,000 feet. Surface gold values to 0.06 opt are present. A total 38 reverse circulation holes were completed by both Meridian and WestGold in the Cold Creek Area. A historically reported, non-NI 43-101 compliant open-ended gold resource exists which is in need of step-out drilling. Although considered relevant, the reader is cautioned that this resource estimate does not comply with the guidelines of National Instrument 43-101 and Otis is not treating it as such.

Selected Financial Data

The table below presents selected financial information for the Company's most recently completed quarters.

	July - Sept. Q1/18	Apr – June Q4/17	Jan – Mar. Q3/17	Oct. – Dec. Q2/17	July - Sept. Q1/17	Apr – June Q4/16	Jan – Mar. Q3/16	Apr – June Q4/17
Net Income (Loss)	$ (318,782)	$ 257,665	$ (274,429)	$ (219,295)	$ (572,386)	$ (228,340)	$ (137,140)	$ 257,665
Net Income (Loss) per share	$0.00	$0.00	$(0.00)	$(0.00)	$(0.01)	$(0.00)	$(0.00)	$0.00
Total assets	$30,499,754	$29,199,041	$26,483,954	$21,701,742	$21,538,257	$18,159,802	$18,316,626	$29,199,041
Total liabilities	$735,797	$308,565	$125,119	$208,232	$1,033,695	$158,268	$88,547	$308,565

Analysis of the three months ended Sept. 30, 2017 versus the three months ended Sept. 30, 2016

In the three months ended September 30, 2017, the Company incurred expenses of $275,385 compared to $561,098 in the same period of 2016, a decrease of $285,713. The majority of the decrease was $320,737 in stock based compensation based on the fair value of 1,900,000 stock options awarded in Q1/16 compared to the fair value of 300,000 stock options awarded in Q1/17. During the first quarter of fiscal 2018, the Company earned interest income of $587 and incurred foreign exchange losses of $43,984 resulting in a net loss in the three months ended September 30, 2017 of $318,782 or $0.00 per share. During the first quarter of fiscal 2017, the Company earned $90 of interest income and incurred foreign exchange losses of $11,378, resulting in a net loss in the three months ended September 30, 2016 of $572,386 or $0.00 per share.

On June 30, 2017, the Company sold its Hai and Goldbug projects to Strata Minerals Inc. ("Strata") for 2,750,000 common shares of Strata, valued at their closing price of $0.35 on June 30, 2017, and $100,000. On July 10, 2017 Strata changed its name to Revival Gold Inc. ("Revival"); at September 30, 2017, the closing price of Revival's shares was $0.74, resulting an unrealized gain of $1,072,500 on these shares.

Share Capital

As at September 30, 2017, the Company had 161,545,407 common shares issued and outstanding. There were no share purchase warrants outstanding and 8,010,000 stock options were outstanding at prices ranging from $0.05 to $0.35 and expiry dates ranging from October 2017 to July 2022. Since October 1, 2017, 285,000 stock options were exercised at $0.15 per option.

Financial Condition/Capital Resources

The Company had working capital of $3,905,649 as at September 30, 2017. Funds that are considered excess to current operating needs are invested in Canadian bank interest bearing short term investments that are highly liquid with maturities of up to one year; the investments are cashable at any time without penalty. During the three months ended September 30, 2017, the Company spent $2,358,608 on its Kilgore Gold property and $82,133 on its Oakley property.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of recoverability of amounts capitalized to exploration and evaluation assets, property, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, decommissioning provisions, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the September 30, 2017 unaudited consolidated financial statements.

Financing Transactions

During the 2 years ended September 30, 2017, the Company completed financing transactions as follows:

- In October 2015, the Company completed a non-brokered private placement of 4,166,667 shares at $0.12 for gross proceeds of $ 500,000.
- In July 2016, the Company completed a non-brokered private placement of 13,522,709 shares at $0.17 per share for gross proceeds of $ 2,298,860. Finder's fees of $23,460 were paid on the transaction.
- In December 2016, the Company completed a non-brokered private placement of 2,962,963 shares at $0.27 per share for gross proceeds of $ 800,000. Finder's fees of $18,630 were paid on the transaction.
- In February 2017, the Company issued 14,420,000 common shares under a private placement to Agnico Eagle Mines Limited ("Agnico") at a price of $0.35 per share for proceeds of $5,047,000. At the time of the purchase, Agnico owned approximately 9.95% of the issued and outstanding common shares on a non-diluted basis.

Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

(a) Transactions with key management personnel

During the three months ended September 30, 2017 and 2016 the following amounts were incurred with respect to the Company's President and Chief Financial Officer:

Three months ended September 30,	2017	2016
Management fees	$ 62,500	$ 53,750
Consulting fees	10,000	9,000
Share-based compensation	-	93,100
	$ 72,500	$ 155,850

(b) Transactions with other related parties

During the three months ended September 30, 2017 and 2016 the following amounts were incurred with respect to non-executive directors of the Company:

	2017 $	**2016** $
Share-based compensation	51,660	172,235
	51,660	172,235

Risk Factors

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Title claims can impact the exploration, development, operation and sale of any natural resource project. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

Mineral Resources and Recovery Estimates

Disclosed resource estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company estimates its mineral resources in accordance with the requirements of applicable Canadian securities regulatory authorities and established mining standards. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk are less likely to be accurately estimated or recovered than mineral reserves. The mineral reserve and resource figures are estimates based on the interpretation of limited sampling and subjective judgements regarding the grade and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future metal prices. The sampling, interpretations or assumptions underlying any reserve or resource figure may be incorrect, and the impact on mineral resources may be material. In addition, short term operating factors relating to mineral resources, such as the need for orderly development of orebodies or the processing of new or different ores, may cause mineral resource estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating resources.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company or at all.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. There can be no assurances that the Company will be at all times in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly strident environmental regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, could require increased financial resources or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

Legal proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits, and other proceedings. The result of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

Foreign currency risk

The Company has operations in Canada and the United States subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian and the United States dollars, and the fluctuation of the Canadian dollar in relation to United States dollars will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

As at September 30, 2017, the Company had cash of $170,066 in US dollars, US $59,297 of reclamation deposits, and US $552,252 in accounts payable and accrued expenses. The Company will purchase US dollars as the need arises in order to fund its exploration and development activities in the USA. Corporate expenditures are incurred primarily in Canadian dollars.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by depositing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

Accounting Standards and Interpretations Issued but Not Yet Adopted

As at the date of these financial statements, the following standard has not been applied in these financial statements:

(i) IFRS 9 *Financial Instruments;* tentatively effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits classifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized costs or fair value.

(ii) IFRS 15 Revenue from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

(iii) IFRS 16 Leases. In January 2016, the IASB issued IFRS 16 which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS.

Management is currently assessing the impact of this new standard on the Company's accounting policies and financial statement presentation.