CANADA ZINC METALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2017

1.1 Date

This Management Discussion and Analysis ("MD&A") of Canada Zinc Metals Corp. ("Canada Zinc Metals" or the "Company") has been prepared by management as of October 25, 2017 and should be read in conjunction with the consolidated audited financial statements and related notes thereto of the Company for the years ended June 30, 2017 and 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

The Company is presently a "Venture Issuer", as defined in NI 51-102.

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 issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions.

These forward-looking statements include statements regarding the success of exploration activities, permitting time lines, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors including but not limited to changes in commodity prices and, particularly, zinc prices, access to skilled personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

1.2 Overall Performance

The Company was incorporated under the laws of the Province of British Columbia on February 10, 1988. The Company operates in one business segment, that being the exploration and development of mineral properties in Canada. As at the date hereof, the Company has mining interests in properties located in British Columbia.

Significant events and operating highlights for the year ended June 30, 2017 and up to the date of these MD&A:

- The Company concluded its 2017 Akie drilling program that commenced in June and was completed in late August. A total of 8 drill holes were successfully drilled on the Cardiac Creek deposit for a total of 4,700 metres. The program focused on the expansion of the indicated resource and new target development on the robust and high-grade central core of the deposit. Detailed analysis is included in "2017 Diamond Drilling Program" section below.
- In March 2017, the Company completed a structural interpretation of satellite imagery for the Akie, Mt. Alcock and Yuen North project areas. The interpretation has identified six major fault orientations with NW-SE trending thrust faults as the most prevalent. A total of 41 exploration targets have been identified within the detailed study area on the results of interpretation. Detailed analysis is included in "2017 Structural Analysis" section below.
- On December 15, 2016, the Company completed a flow-through private placement of 1,173,608 flow-through shares at a price of $0.52 per share for gross proceeds of $610,276.
- On April 5, 2017, the Company completed a flow-through private placement of 3,415,390 flow-through shares at a price of $0.44 per share for gross proceeds of $1,502,772.

The gross proceeds received from the sale of the flow-through shares were used for the 2017 Akie drilling program. The Company spent approximately $2.2M on eligible "flow-through mining expenditures" on the Akie and Kechika Regional projects in British Columbia, as required by the flow-through share subscription agreements.

- On December 15, 2016, the Company completed a brokered private placement led by Cormark Securities Inc. on behalf of a syndicate of agents including Echelon Wealth Partners Inc. The Company issued 3,676,000 units of the Company at a price of $0.40 per unit for gross proceeds of $1,470,400. Each unit consisted of one common share and one-half share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.55 for a period of 24 months from closing.
- Concurrently, the Company completed a non-brokered private placement of 1,787,500 units at a price of $0.40 per unit for gross proceeds of $715,000. The units issued under the non-brokered offering have the same terms as the units of the brokered private placement.
- On April 13, 2017, the Company completed a non-brokered private placement of 1,310,857 units at a price of $0.35 per unit for gross proceeds of $458,800. Each unit consisted of one common share and one-half share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.50 until April 12, 2019.

  The net proceeds from the sale of the units will be used to fund the exploration and development of the Company's mineral properties in British Columbia and for general corporate and working capital purposes.
- The Company granted an aggregate of 2,590,000 share options to directors, officers, employees and consultants of the Company, exercisable at an average price of $0.43 per share.
- In July 2017, the Company received TSX Venture Exchange ("TSXV") approval for its new Normal Course Issuer Bid ("NCIB") application to purchase at market price up to 8,152,189 common shares, being approximately 5% of the Company's issued and outstanding common shares, through the facilities of the TSXV. The bid commenced on August 1, 2017 and will stay open for another 12 months. In July 2016, the Company cancelled and returned to its treasury 215,000 common shares of the Company repurchased under the NCIB. And in July 2017, the Company cancelled and returned to its treasury additional 564,000 common shares of the Company repurchased under the NCIB. After the cancellation, the Company has 163,043,783 common shares issued and outstanding.
- Miller Thompson LLP. was appointed as legal counsel of the Company effective July 1, 2016. The Company's registered and records office has changed to Suite 1000-840 Howe St., Vancouver, BC V6Z 2M1.
- The Company filed an Annual Information Form ("AIF") for the financial year ended June 30, 2016 on SEDAR (www.sedar.com).
- The Company received approval from the Ministry of Energy and Mines extending the surface drill permit for the Akie Property to December 31, 2020. The Company also received extensions of four separate exploration permits for the Pie, Yuen, Mt. Alcock and Kechika North properties to December 2019.

  The approved Akie surface drill permit enables the Company to establish long term exploration goals and carry them out in a time effective manner without having to re-apply or renew the existing permit on an annual basis. The Company is also pleased to note there was no concurrent increase in the reclamation security bond. The progressive reclamation completed by the Company on an annual basis was recognized by the issuing authority as satisfactory and suitable to maintain the bond at the current levels.
- The Pie, Yuen and Cirque East properties (known as the "Pie Option properties") are the subject of an option agreement (the "Option Agreement") concluded on September 9, 2013 with Teck Resources Limited ("Teck") and its JV partner, Korea Zinc Co., Ltd. ("Korea Zinc"). The Option Agreement provides Teck and Korea Zinc the option to spend up to $8.5 million to acquire up to 70% interest in the Pie Option properties.

  Teck and Korea Zinc have spent approximately $3.035 million in exploration expenditures to the end of December 2016 on the Pie Option properties. Detailed analysis is included in "Pie Option Properties: Agreement with Teck and Korea Zinc" section below.

AKIE PROPERTY, KECHIKA TROUGH DISTRICT, BC (zinc, lead, silver)

The Company holds a 100% interest in the Akie Property, which is located approximately 260 kilometers north-northwest of the town of Mackenzie in northeastern British Columbia.

The Akie zinc-lead-silver property is situated within the Kechika Trough, the southernmost extension of the regionally extensive Paleozoic Selwyn Basin, one of the most prolific sedimentary basins in the world for the occurrence of sedimentary exhalative (SEDEX) zinc-lead-silver deposits and stratiform barite deposits.

Drilling on the Akie property by Inmet Mining Corporation from 1994 to 1996 and by Canada Zinc Metals since 2005 has identified a significant deposit of SEDEX-style zinc-lead-silver mineralization named the Cardiac Creek deposit. The deposit is hosted by variably siliceous, fine grained clastic rocks of the middle to late Devonian Gunsteel Formation, the same host formation for other known deposits in the district, including Teck Resources/Korea Zinc’s jointly-owned Cirque deposit, located about 20 kilometres to the northwest.

In May 2016, the Company announced a revised NI 43-101 compliant mineral resource for the Cardiac Creek deposit. This includes an indicated resource of 19.6 million tonnes grading 8.17% zinc, 1.58% lead, and 13.6 g/t silver (at a 5% zinc cut-off grade) and an inferred resource of 8.1 million tonnes grading 6.81% zinc, 1.16% lead and 11.2g/t silver (at a 5% zinc cut-off grade). The Company filed a revised NI 43-101 compliant technical report within the mandated 45-day period, as per Standards of Disclosure for Mineral Projects ("NI 43-101").

ESTIMATE OF MINERAL RESOURCES – 2016 CARDIAC CREEK DEPOSIT

					Contained metal		
Category	**Tonnes (million)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Zn (Mlbs)**	**Pb (Mlbs)**	**Ag (Moz)**
Indicated	19.6	8.17	1.58	13.6	3,540	685	8.6
Inferred	8.1	6.81	1.16	11.2	1,211	207	2.9

Note: Mineral resources are not mineral reserves because the economic viability has not been demonstrated.

SENSITIVITY OF MINERAL RESOURCES TO CUT-OFF GRADE

					Contained metal		
Cut-off Grade (Zn %)	**Tonnes (000)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Zn (Mlbs)**	**Pb (Mlbs)**	**Ag (Moz)**
Indicated Resources							
2	37.1	5.93	1.14	10.4	4,852	931	12.4
3	30.5	6.68	1.29	11.5	4,489	869	11.3
4	24.9	7.40	1.44	12.6	4,057	787	10.0
5 (base case)	**19.6**	**8.17**	**1.58**	**13.6**	**3,540**	**685**	**8.6**
6	15.1	8.97	1.73	14.7	2,995	578	7.2
7	11.3	9.81	1.90	15.8	2,454	474	5.8
Inferred Resources							
2	32.7	4.07	0.68	7.4	2,932	489	7.7
3	20.7	5.01	0.85	8.7	2,291	388	5.8
4	13.2	5.89	1.00	9.9	1,714	292	4.2

5 (base case)	**8.1**	**6.81**	**1.16**	**11.2**	**1,211**	**207**	**2.9**
6	4.8	7.72	1.32	12.4	819	140	1.9
7	2.7	8.74	1.49	13.6	515	87	1.2

Note: Mineral resources are not mineral reserves as the economic viability has not been demonstrated

Highlights for the updated resource include:

- Indicated resources have increased by almost 7 million tonnes to 19.6 million tonnes; a 55% increase when compared to the previous 2012 indicated resource estimate, with little change in average grades (at 5% Zn base case cut-off);
- Current resource distribution consists of 71% in the Indicated category and 29% in the Inferred category. The previous 2012 estimate had 44% in the Indicated category and 56% in the Inferred category (at 5% Zn cut-off);
- Drilling completed since 2012 has increased the confidence in the estimate, extending the limits of resources in the Indicated category in all directions (up and down dip and along strike);
- Drilling in 2015 provides a continuous zone of 100 metre-spaced drill holes over the central part of the deposit and allows for the estimation of the majority of resources in the Indicated category;
- The 2015 drill holes primarily concentrated in the delineation of resources in the central and upper parts of the deposit, returning results that are similar to the surrounding drill holes, demonstrating the continuous nature of the thickness and grade of the mineralization.

The deposit remains open at depth and along strike. Further delineation and exploration drilling is being considered using both surface drilling and planned underground drilling stations located in the footwall of the deposit from the 950 metre elevation mark. All permitting and engineering designs are complete and in-hand in order to commence the underground drill program once fully funded.

2017 Diamond Drilling Program

The program focused on resource expansion and new target development on the robust and high-grade central core of the Zn-Pb-Ag Cardiac Creek deposit. The program commenced in mid June and was completed in late August using two drills. A total of 8 drill holes were successfully drilled on the Cardiac Creek deposit for a total of 4,700 metres.

Program Highlights (reporting 4 of 8 completed holes; results pending for final 4 holes):

- Drill hole A-17-132 returned 10.38% Zn+Pb and 14.2 g/t Ag over a true width of 28.67 metres. This includes 12.39% Zn+Pb and 15.9 g/t Ag over a true width of 19.81 metres which includes 14.42% Zn+Pb and 17.2 g/t Ag over a true width of 10.16 metres.
- Drill hole A-17-133 returned 12.11% Zn+Pb and 16.0 g/t Ag over a true width of 9.42 metres within a broader mineralized interval of 25.63 metres.
- Drill hole A-17-137 returned 11.79% Zn+Pb and 19.1 g/t Ag over a true width of 57.79 metres including 14.51% Zn+Pb and 23.4 g/t Ag over a true width of 37.06 metres as well as 15.44 metres of 22.61% Zn+Pb and 36.2 g/t Ag, which represents the best intersection ever encountered on the Cardiac Creek deposit.
- Drill hole A-17-138 returned 7.75% Zn+Pb and 10.4 g/t Ag over a true width of 24.96 metres including 10.07% Zn+Pb and 12.3 g/t Ag over a true width of 11.82 metres

A-17-132

The first hole of the 2017 exploration program targeted the NW strike extension of the high-grade core of the Cardiac Creek deposit. The pierce point is located approximately 100 metres up-dip of drill hole A-07-42. The objective of this hole was to expand the known high-grade mineralisation along strike and test the limits of the 5% Zn cut-off indicated resource.

The hole intersected a broad zone of mineralization from 520.29 to 573.08 metres representing a true width of 42.43 metres that returned 7.49% Zn+Pb and 10.6 g/t Ag. The Cardiac Creek Zone within the broader envelope returned 10.38% Zn+Pb and 14.2 g/t Ag over a true width of 28.67 metres from 537.41 to 573.08 metres. Higher grade internal intervals include 12.39% Zn+Pb and 15.9 g/t Ag over a true width of 19.81 metres from 546.41 to 571.06 metres which includes 14.42% Zn+Pb and 17.2g/t Ag over a true width of 10.16 metres.

The Cardiac Creek Zone is characterized by massive, laminar beds of dull-brown pyrite and light grey sphalerite interfingered with mottled textured sulphide bands enriched in sphalerite, galena, quartz and carbonate. Coarser grained galena is also visible locally. The drill hole was terminated in Silurian siltstone at 598.02 metres. A total of 143 assay samples, including standard QA/QC samples, were taken from the hole.

A-17-133

Drill hole A-17-133 targeted an open area central to the Cardiac Creek zone in a large, untested area down-dip of hole A-07-49 and along strike of A-10-73B.

The hole intersected a broad envelope of mineralisation grading 5.55% Zn+Pb and 8.5 g/t Ag over a true width of 33.14 metres from 341.08 to 388.38 metres. The Cardiac Creek Zone was intersected from 351.03 to 387.57 metres and returned 6.62% Zn+Pb and 9.6 g/t Ag over a true width interval of 25.63 metres. Higher-grade intervals are present and include 12.11% Zn+Pb and 16.0 g/t Ag over a true width interval of 9.42 metres from 367.68 to 381.10 metres.

The mineralization present in hole A-17-133 is similar in character to that present in hole A-17-132, with massive sulphide beds of very fine grained, dull brown pyrite, light grey sphalerite, and mottle-textured sulphide bands enriched in sphalerite, galena, quartz and carbonate. The hole was terminated at a final depth of 413.60 metres within the Silurian siltstones. A total of 117 assay samples, including standard QA/QC samples, were taken from the hole.

A-17-137

The objective of hole A-17-137 was to test the high-grade core of the Cardiac Creek deposit in an open area down-dip of A-15-121, and along strike of A-15-124. This goal was successfully achieved with a pierce point located approximately 60 metres down-dip of drill hole A-15-121 and 125 metres from A-15-124. The results from A-17-137 are expected to expand the known limits of the high-grade core down-dip and material from this intercept will also be used for subsequent metallurgical testing.

The hole intersected a very broad envelope of mineralization from 454.40 to 559.44 metres encompassing both the Cardiac Creek Zone and Footwall Zone, representing a true width of 57.79 metres that returned 11.79% Zn+Pb and 19.1 g/t Ag. Within this envelope the Cardiac Creek Zone returned 14.51% Zn+Pb and 23.4 g/t Ag over a true width of 37.06 metres from 466.78 to 534.09 metres, which includes higher grade intervals such as 22.61% Zn+Pb and 36.2 g/t Ag over a true width of 15.44 metres from 506.00 to 534.09 metres. The Footwall Zone, present from 544.48 to 559.44 metres, returned 16.77% Zn+Pb and 25.3 g/t Ag over a true width of 8.20 metres. This hole represents the best intersection ever encountered on the Cardiac Creek deposit.

Both the Cardiac Creek Zone and Footwall Zones are characterized by thickly layered sulphides interbedded with siliceous black shale. The sulphide layers host gradually increasing sphalerite and galena content as indicated by the strong development of mottle-textured sulphides enriched in sphalerite, galena, quartz, and carbonate, with lesser amounts of pyrite towards the base of the two zones. Underlying the two zones of mineralisation is a massive sulphide lens (95% pyrite 5% carbonate) occurring from 559.44 to 565.00 metres. Lower in the sequence, thin intervals of massive pyrobitumen within the Silurian siltstones were also encountered. The Company is currently investigating the nature of the pyrobitumen and its possible links to the mineralisation represented by the Cardiac Creek deposit. The hole ended at a depth of 614.78 metres.

A-17-138

The objective of hole A-17-138 was to test the up-dip and southeastern edge of the high-grade core in a large open area along strike of hole A-11-98 and up-dip of A-06-40. This goal was successfully achieved with a pierce point located approximately 60 metres along strike of A-11-98 and approximately 90 metres up-dip of A-06-40. The results from this intercept will provide ongoing continuity to the high-grade core and the material will also be used for subsequent metallurgical testing.

A broad envelope of mineralisation was intersected from 403.32 metres to 440.85 metres representing a true width of 33.40 metres that returned 6.24% Zn+Pb and 9.0 g/t Ag. Within this envelope the Cardiac Creek Zone is present from 412.15 metres to 440.17 metres, grading 7.75% Zn+Pb and 10.4 g/t Ag over a true width of 24.96 metres. Higher-grade intervals are present including 10.07% Zn+Pb and 12.3 g/t Ag over a true width of 11.82 metres from 426.27 to 439.52 metres.

The Cardiac Creek Zone is characterized by massive beds of brown pyrite with increasing amounts of light grey sphalerite bands and mottled textured sulphide bands enriched in sphalerite, galena, quartz and carbonate towards the base of the zone. The hole was drilled to a depth of 454.776 metres ending in the Silurian siltstones of the Road River Group.

Significant results from the 2017 drill program are tabulated below:

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t)[†]	Zn+Pb (%)
A-17-137	**454.40**	**559.44**	**57.79**	**9.72**	**2.07**	**19.1**	**11.79**
CCZ	**466.78**	**534.09**	**37.06**	**11.83**	**2.68**	**23.4**	**14.51**
including	**480.93**	**534.09**	**29.26**	**14.32**	**3.33**	**28.0**	**17.65**
including	**506.00**	**534.09**	**15.44**	**18.27**	**4.34**	**36.2**	**22.61**
FW	544.48	559.44	8.20	14.41	2.36	25.3	16.77
MS	559.44	565.00	3.04	0.98	0.23	10.0	1.21
A-17-138	403.32	440.85	33.40	5.33	0.91	9.0	6.24
CCZ	412.15	440.17	24.96	6.60	1.15	10.4	7.75
including	**426.27**	**439.52**	**11.82**	**8.50**	**1.57**	**12.3**	**10.07**
A-17-132	520.29	573.08	42.43	6.41	1.08	10.6	7.49
CCZ	**537.41**	**573.08**	**28.67**	**8.84**	**1.54**	**14.2**	**10.38**
including	**546.41**	**571.06**	**19.81**	**10.52**	**1.87**	**15.9**	**12.39**
including	546.41	566.01	15.75	10.96	2.01	16.7	12.97
including	**546.41**	**559.05**	**10.16**	**12.18**	**2.24**	**17.2**	**14.42**
A-17-133	341.08	388.38	33.14	4.77	0.78	8.5	5.55
CCZ	351.03	387.57	25.63	5.68	0.94	9.6	6.62
including	361.90	381.10	13.48	8.00	1.40	12.9	9.40
including	**367.68**	**381.10**	**9.42**	**10.30**	**1.81**	**16.0**	**12.11**

(*) The true width in metres is calculated utilising the Geovia GEMS software package. The orientation of the mineralised horizon is estimated to have an azimuth of 130 degrees and a dip of -70 degrees. (CCZ) = Cardiac Creek Zone; (HW) = Hangingwall Zone; (FW) = Footwall Zone; (MS) = Massive Sulphide. (†) Ag values below detection were given a value half of the detection limit for the purposes of weighted averaging.

2015 Diamond Drilling Program

- 5,350 metres of HQ/NQ diamond drill core was completed in eight holes
- All eight drill holes successfully intersected Zn-Pb-Ag mineralisation of the Cardiac Creek deposit
- A total of five drill holes focused on expanding the indicated resource down-dip of the central high-grade core. The three remaining drill holes provided information on the continuity, grade and thickness of the high-grade core of the deposit.
- A total of 1,120 samples were collected and submitted for analysis, including industry standard QA/QC samples.
- Hole A-15-121 stands out as a highlight for the 2015 drilling program, which targeted the open area down-dip from the central core of the deposit. This hole returned spectacular results and represents one of the highest grade holes on the property as highlighted by 12.98 metres of 17.06% Zn+Pb, and 29.0g/t Ag within the larger Cardiac Creek Zone consisting of 9.85% Zn+Pb, 16.4g/t Ag over 36.89 metres. The FW Zone returned equally high-grade numbers with 10.24% Zn+Pb, and 21.5g/t Ag over 8.86 metres.

Please see the Company's MD&A for the year ended June 30, 2016 for detailed analysis of the 2015 Akie diamond drilling program.

Akie Underground Development

In August 2011, the Company received an underground drill permit from the BC government for the Akie project which will facilitate advanced exploration of the Cardiac Creek deposit by means of a close-spaced, infill drill definition program on the Cardiac Creek deposit. The permit was originally set to expire December 2014 but has since been extended to December 2017. The Company has asked for a date extension to December 31, 2020. With improving zinc prices and more robust financial markets, particularly for the junior sector, the Company feels the timing for advancement of the project is more favorable in 2018.

The planned program is comprised of a first phase of 1,600 metres of underground development (decline) followed by 16,000 metres of underground diamond drilling, designed to upgrade the current NI 43-101 compliant resource to the measured and indicated category. Drill core from underground will be used in a systematic metallurgical sampling program intended to ensure detailed metallurgical sampling across the full spectrum of the deposit. Underground development will also provide important engineering and geotechnical data for a second phase of exploration drilling and bulk sampling, and for future mine design. The Company continues to examine the costs associated with the planned underground exploration program and has yet to make a construction decision. Engineering and environmental studies will continue as required to maintain all related permits in good standing.

KECHIKA REGIONAL PROJECT

In addition to the Akie property, the Company has 100% ownership of a large contiguous group of mineral claims that aggregate to a total of 10 properties that cover 68,000 hectares. The mineral claims stretch a distance of 140 kilometres from the northern boundary of the Akie property to the northern reaches of the Gataga River. The properties cover the extent of the prospective Gunsteel Formation shale, the known host of SEDEX mineralization in the Kechika Trough.

Several properties within the Kechika Regional project host significant historical drill intercepts. Historical drilling on the Mt. Alcock property yielded a drill intercept of 8.8 metres grading 9.3% Zn+Pb and exploration identified and outlined numerous zinc-lead-barite occurrences and several base metal anomalies. Historical drilling on the Bear-Spa property returned several drill intercepts of >10 metres grading 2.53 to 2.96% combined Zn+Pb and up to 20.6 g/t Ag. There has been no modern follow-up exploration on many of the Kechika Regional properties.

In 2012, the Company filed separate NI 43-101 compliant technical reports for the Pie and Mt. Alcock properties authored by Tanya Strate, P. Geol an independent qualified person for the purposes of NI 43-101. These reports summarised the history of previous exploration, summarised the fieldwork conducted on each property in 2011, highlighted their prospectivity to host SEDEX Zn-Pb-Ag style mineralisation and made recommendations for further work. These reports can be found on SEDAR (www.sedar.com).

Pie Option Properties: Agreement with Teck and Korea Zinc

The Pie, Yuen and Cirque East properties (known as the "Pie Option properties") are the subject of an option agreement (the "Option Agreement") concluded on September 9, 2013 with Teck Resources Limited ("Teck") and its JV partner, Korea Zinc Co., Ltd. ("Korea Zinc"). The Option Agreement provides Teck and Korea Zinc the option to spend up to $8.5 million to acquire up to 70% interest in the Pie Option properties.

Teck and Korea Zinc have spent approximately $3.035 million in exploration expenditures over the past three field seasons on the Pie Option properties. In accordance with the Option Agreement, Teck must spend an additional $0.45 million by the end of 2017 to exercise the "First Option" and earn Teck/Korea Zinc an undivided 51% interest in the Pie Option Properties. Upon exercising the First Option, Teck would have an additional option to acquire a further 19% interest in the properties for a total interest of 70%, by incurring an additional $5.0 million in exploration expenditures on or before December 31, 2019.

Teck and Korea Zinc spent approximately $1.66 million during the 2016 exploration program on the Pie Option properties. Field work included mapping, prospecting, soil sampling and ground geophysics which continued to advance and refine ranked drill targets across the three option properties. One drill hole was completed late in the season and encountered favorable Gunsteel shale stratigraphy approximately one kilometre west of previous historical drilling on the Pie Main prospect. The exploration program was based out of Teck's Cirque exploration camp located approximately 20 kilometres northwest of the Company's flagship Akie property.

Additional results from the Pie Option exploration program include:

- 21 geological/prospecting traverses covering key high-priority target areas on the Pie, Cirque East and Yuen properties.
- Geological mapping and prospecting identified new mineralisation located on the Cirque East property and associated rock and chip sampling characterized the lithogeochemistry of key rock units (114 whole-rock lithogeochemistry samples; 642 pXRF samples).
- The collection of 733 soil samples (including QA/QC samples) at three priority target areas confirmed the historical metal association of Zn-Pb+/-Ag and identified multi-element anomalies (Pb, Zn, +/-Ag+/-Hg+/-Tl+/-As+/-Mo) of interest.
- Successful execution of 10 ground gravity survey lines over targets at Yuen North, Yuen South, Cirque East, Pie Main and Del North. The results confirmed the validity of several small AGG anomalies.

Structural Analysis for Akie and Southern Kechika Trough

During the year ended June 30, 2017 the Company engaged Murphy Geological Services (Ireland) to conduct a detailed structural interpretation of the Akie Property and southern parts of the Kechika Regional Project using high-resolution satellite imagery obtained by the Company in 2013. The project was designed in order to better define the structural framework of the district and assist with the identification of regional scale and other major first-order fault structures as well as characterizing the nature and timing of these structures. The principal objective of this study was to generate exploration targets for SEDEX mineralization over a large regional framework in a cost-effective manner.

The study recognized a series of dominant NW-SE thrust faults that are cross-cut by NE/NNW trending major transverse that have linear to sinuous surface traces. These cross cutting transverse faults likely originated from the reactivation of basement structures during the extension of the Kechika Trough. They may have acted as transfer faults during extension, allowing the extensional displacement to be transferred between adjacent faults and the development of sub-basins within the Kechika Trough. The geometry of those with strongly curvilinear to sinuous surface traces may have been modified by contractional deformation during inversion of the Kechika Trough. The main feeders for SEDEX mineralization are likely to be breached relay zones between overlapping major extensional faults and the intersection zones between transfer faults and block bounding extensional faults. These would have represented zones of high fracture permeability and may have acted as conduits for hydrothermal fluid circulation. Locally within the study area a horst block was identified which had an important control on the local thrust geometries and deposition of mineralisation.

A total of 41 ranked exploration targets were identified within the study area based on the results of the interpretation. Targets were evaluated using a number of criteria including the presence of the Gunsteel Formation, proximity to the flanks of the intra-basinal horst block, presence of re-activated major thrusts, curvilinear to sinuous features along thrusts, intersections between major thrusts and transverse faults, proximity to known mineral occurrences and deposits, presence of geochemical anomalies, mapped exhalative barite horizons and Landsat derived alteration anomalies.

Top ranked targets will be prioritized and specific areas of interest will be assessed in the field at the earliest opportunity. This interpretation will be integrated and assessed in conjunction with data from the Company's extensive digital database which includes topographical datasets, additional imagery datasets, geophysical datasets (including the 2012 and 2013 airborne VTEM survey and the 2015 airborne gravity gradiometry survey), geological datasets and geochemical datasets.

The Company is also considering expanding the scope of this interpretation to include all the property blocks in the Kechika Regional project including Bear/Spa, Driftpile South and Saint which lie to the north of the current study area.

Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2016 and 2017	**$ 24,165,241**	**$ 336,785**	**$ 24,502,026**
Deferred exploration costs:			
Balance, June 30, 2015	$ **39,114,298**	$ **4,624,430**	$ **43,738,728**
Camp equipment, depreciation	123,395	–	123,395
Airborne geophysical survey	6,725	6,175	12,900
Drilling	1,440,861	–	1,440,861
Geology	49,517	938	50,455
Community consultations	95,937	–	95,937
Environmental studies and permit compliance monitoring	76,126	–	76,126
Less:			
METC	(85,291)	–	(85,291)
Balance, June 30, 2016	**40,821,568**	**4,631,543**	**45,453,111**
Camp equipment, depreciation	102,485	–	102,485
Airborne geophysical survey	2,075	4,200	6,275
Drilling	577,417	–	577,417
Geology	72,924	6,683	79,607
Technical review and engineering	30,258	–	30,258
Community consultations	937	–	937
Environmental studies and permit compliance monitoring	18,944	–	18,944
Balance, June 30, 2017	**$ 41,626,608**	**$ 4,642,426**	**$ 46,269,034**
Total, June 30, 2016	**$ 64,986,809**	**$ 4,968,328**	**$ 69,955,137**
Total, June 30, 2017	**$ 65,791,849**	**$ 4,979,211**	**$ 70,771,060**

1.3 Selected Annual Information

The following is a summary of certain financial information concerning the Company for each of the last three most recently completed financial years.

	Years ended		
	2017	2016	2015
Interest and other income	$ 131,760	$ 93,583	$ 166,326
Net Loss	$ (2,027,313)	$ (2,971,216)	$ (1,920,460)
Loss per share	$ (0.01)	$ (0.02)	$ (0.01)
Total assets	$ 80,309,073	$ 77,494,327	$ 79,411,837
Total long term liabilities	$ 1,603,000	$ 1,986,000	$ 1,877,000
Cash dividends declared per share for each class of share	$ Nil	$ Nil	$ Nil

1.4 Results of Operations

Years ended June 30, 2017 and 2016

During the year ended June 30, 2017, the Company reported a loss before comprehensive loss of $2,027,313 or $0.01 per share compared to a loss before comprehensive loss of $2,971,216 or $0.02 in fiscal 2016, a decrease in net loss of $943,903. The higher net loss in fiscal 2016 was primarily a result of a write-off of marketable securities of $1,071,485 and a loss on sale of marketable securities of $578,629.

The Company's consolidated net loss for the year ended June 30, 2017 not factoring in non-cash transactions of share-based compensation expense, depreciation of office equipment and leasehold improvements, accrued flow-through taxes, loss on sale of marketable securities, write-offs and deferred income tax recovery of flow-through liabilities, was $2,007,971 (2016 - $1,327,276), representing an increase of $680,695.

Interest income and other items

The Company receives interest on its main treasury account and GIC investments. Interest income recognized in fiscal 2017 was $93,179 (2016 - $93,583).

The deferred tax recovery of $523,086 (2016 - $27,725) recognized during the year resulted from partial amortization of the flow-through premium liabilities of $308,132 recorded in connection with the December 2016 and the April 2017 flow-through private placements. As of the date of these MD&A, the Company incurred the required qualifying exploration expenditures of $2,113,048 to fulfil its flow-through commitments with investors.

During the year ended June 30, 2017, the Company realized a gain of $38,581 (2016- loss of $578,629) on sale of marketable securities for total proceeds of $137,744 (2016 - $4,105). The gain included a reclassification of accumulated previously unrealized losses of $3,163 (2016 - $569,834) from Accumulated Other Comprehensive Losses account ("AOCL") to Deficit.

During the year ended June 30, 2016, the Company also wrote-off holdings in one of its investments with original cost of $1,071,485. The write-off included a reclassification of accumulated previously recorded unrealized losses of $1,047,765 from AOCL to Deficit. There were no similar transactions in fiscal 2017.

General and administration expenses

Total general and administration expenses increased by $1,239,749 primarily due to increases in bonuses of $117,362, consulting fees of $280,001, flow-through taxes of $1,775, investor relations fees of $37,807, marketing expenses of $243,438, office and miscellaneous of $14,459, professional fees of $33,675, regulatory fees of $6,220, share-based compensation of $560,254, transfer agent fees of $2,222 and travel and promotion of $88,813, offset by decreases in rent of $16,472 and wages and benefits of $127,333.

There were no variations in directors fees, management and administrative fees over the comparative years. There were higher amounts granted as bonuses as compared to 2016. Please also see section 1.9 “Transactions with Related Parties” below.

Consulting fees increased by $280,001 as a result of financial advisory services retained during the year. $90,625 (2016 - $61,250) was allocated to this expense category for geological consulting services provided by the VP of Exploration of the Company.

Investor relations fees increased by $37,807 as the Company retained an investor relations service provider for a period of 6 months from August 2016 to February 2017 for a monthly fee of $5,000. The Company also paid $10,000 (2016 - $Nil) for the arrangement of investor meetings in Europe.

Marketing expenses increased by $243,438 as a result of advertisement and marketing campaigns conducted to increase investor interest in the Company.

Office and miscellaneous expenses increased by $14,459 due to increases in telephone and internet expenses, insurance premiums and printing costs for presentation materials.

Professional fees increased by $33,675 due to legal fees associated with the preparation and filing the Company’s AIF.

Regulatory fees increased by $6,220 as a result of the AIF-related regulatory filing fees and the increased TSX annual listing maintenance fee for 2017.

Travel and promotion increased by $88,813 as a result of an increased number of senior management trips to Toronto, Montreal and Europe for investor presentations.

Share-based compensation expenses increased by $560,254 as a result of new share option grants. During the year ended June 30, 2017, the Company granted an aggregate of 2,590,000 share options to directors, officers, employees and various consultants of the Company, of which 2,190,000 options vested immediately. The Company recorded share-based compensation expense of $575,248 (2016 - $14,994) for the vested portion of the options granted during the year. Share-based compensation expense recorded in the previous fiscal year was significantly lower as there were no options granted during that year.

Rent expense decreased by $16,472 as the Company discontinued a separate rental arrangement for a geologists’ office effective August 1, 2016.

Wages and benefits decreased by $127,333 due to lower salary expenses and health benefits premiums as a result of a reduction in the Company’s personnel.

Three months ended June 30, 2017 and 2016

During the three months ended June 30, 2017, the Company reported a net income of $120,042 or $0.00 per share compared to a loss before comprehensive loss of $2,063,929 or $0.01 per share during the same period in fiscal 2016, a decrease in net loss of $2,183,971. The decrease in net loss in the comparative quarters was primarily a result of a write-off of marketable securities of $1,047,765 and loss on sale of marketable securities of $569,834, which were recorded during this quarter in fiscal 2016 and an increase in the deferred tax recovery of $632,086.

During the three months ended June 30, 2017, total general and administration expenses were $467,435 compared to $357,645 during the same quarter in fiscal 2016, representing an increase of $109,790.

The increase in total general and administration expenses in the comparative quarters was primarily due to increases in bonuses of $39,231, consulting fees of $35,937, flow-through taxes of $2,037, marketing expenses of $50,000, office and miscellaneous of $9,000, professional fees of $20,012, regulatory fees of $925 and travel and promotion of $13,597, partially offset by decreases in investor relations fees of $1,250, rent of $4,888, stock-based compensation of $2,180, transfer agent fees of $342 and wages and benefits of $51,801.

The higher consulting fees and marketing expenses were incurred in connection with the Company's financing activities during the quarter.

During the quarter ended June 30, 2017, the Company accrued $40,000 in audit fees for its 2017 year-end audit. There were no legal fees accrued during the quarter as there were services legal services retained. During the comparative quarter in fiscal 2016, the Company recorded a recovery of legal fees of $20,012 as a result of reversal of previously accrued unbilled legal fees from its former legal advisor.

There were no significant variations in other operating expenses over the comparative quarters.

1.5 Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Interest income	Net income (loss) before comprehensive loss	Earnings (loss) per share
une 30, 2017	$ 25,812	$ 120,042	$ 0.00
March 31, 2017	24,811	(460,557)	(0.00)
December 31, 2016	20,742	(694,057)	(0.00)
September 30, 2016	21,814	(992,741)	(0.01)
June 30, 2016	20,315	(2,063,929)	(0.02)
March 31, 2016	19,313	(348,322)	(0.00)
December 31, 2015	24,137	(377,566)	(0.00)
September 30, 2015	29,818	(181,399)	(0.00)

The net income reported for the quarter ended June 30, 2017 was a result of a deferred income tax recovery of $523,086 as a result of amortization of the flow-through premium liabilities recorded in connection with the flow-through private placements and changes in other deductible tax differences.

The increase in loss for the quarter ended September 30, 2016 was primarily due to stock-based compensation of $458,136 recorded for the 1,850,000 share options granted to directors, officers and consultants of the Company during the period.

The increase in loss for the quarter ended June 30, 2016 was primarily due to the write-off of marketable securities of $1,047,765 and loss on sale of marketable securities of $569,834.

1.6/1.7 Liquidity and Capital Resources

The Company's working capital position remains strong with its cash of $4,464,425 and GIC investments of $4,000,000 as at June 30, 2017. Management believes that the Company has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative overhead for the next twelve months.

At June 30, 2017, the Company reported working capital of $7,951,129 compared to working capital of $6,589,784 at June 30, 2016, representing an increase in working capital of $1,361,345. The increase in working capital was primarily a result of proceeds from the private placements completed during the year. Net cash increased by $1,914,322 from $2,550,103 at June 30, 2016 to $4,464,425.

During the year ended June 30, 2017, the Company utilized its cash and cash equivalents as follows:

(a) the Company used $2,211,829 of its cash in operating activities compared to $1,384,626 in fiscal 2016. The main cause of this change was higher consulting, marketing and travel and promotion expenses incurred during the year;
(b) Exploration expenditures during the year were $212,977 compared to $2,087,401 in fiscal 2016. The Company started its 2017 Akie drilling program in June 2017, and there was no drilling program carried out in calendar 2016, which explain the significant reduction of cash exploration expenditures in the comparative fiscal years;
(c) $38,334 (2016 - $116,454) was used for the purchase of marketable securities and $137,744 (2016 - $4,105) was generated on sale of marketable securities;
(d) $100,000 (2016 - $Nil) was advanced under a promissory note to an operating subsidiary of a company that now has a director in common;
(e) the Company received interest of $62,247 (2016 –$26,440) on the maturity of its GIC investments and reinvested $4,000,000 (2016 - $3,000,000) into new GICs yielding an average annual interest rate of 1.33% maturing in June 2018 and September 2018;
(f) the Company received a refund of its exploration deposit of $75,000 (2016 - $Nil) from the camp service provider;
(g) the Company purchased office equipment and software for $6,552 compared to $35,687 spent on camp fixtures in fiscal 2016; and
(h) the Company raised $4,757,248 (2016 - $Nil) through private placements and paid share issuance costs of $370,624 (2016 - $Nil) in connection with private placements. Other financing activities during the period included the exercise of 45,000 share options by a former employee of the Company for gross proceeds of $10,350 (2016 - $Nil), and purchase of 581,000 common shares of the Company for a total of $187,951 (2016 - $31,165) with a weighted average price of $0.32 per share under its NCIB.

The Company is engaging in a NCIB because it believes that the market price of its common shares at times does not properly reflect the underlying value of the Company. The purpose of the bid is to reduce dilution of the Company's shares and to enhance the potential future value of the common shares which remain outstanding, thus increasing long term shareholder value. Purchases connected with this bid will be conducted through Canaccord Genuity Corp.'s offices in Vancouver. The Company will pay the market price of the common shares at the time of acquisition and will not purchase more than 2% of the total issued and outstanding common shares within any 30 day period.

The Company's current assets excluding cash consisted of the following:

	June 30, 2017	June 30, 2016
Government Sales Tax credits	$ 42,871	$ 14,303
Interest accrued on reclamation deposits	292	338
Prepaid expenses	146,875	54,419
Loan receivable including interest	108,466	–
Marketable securities at fair value	116,442	90,400
GIC investments	4,013,023	4,019,351

Prepaid expenses include marketing fees of $66,667 paid in advance and associated with a one-year media and advertisement consulting services agreement commenced on November 1, 2016, general commercial liability insurance premium of $22,890 and drilling advances of $40,000 paid to the subcontractor in connection with the 2017 Akie summer drilling program.

The $100,000 loan receivable was advanced under a promissory note bearing interest at a rate of 10% per annum with an original 6 month term that was extended for an additional 12 month period expiring February 28, 2018.

The Company holds two GIC investments with the principal amounts of $4,000,000 yielding average fixed interest rates of 1.33%, one of which is non-redeemable until June 1, 2018.

Current liabilities as at June 30, 2017 consisted of trade payables and accrued liabilities of $633,133 (June 30, 2016 - $139,130), which mainly consisted of exploration payables that were paid subsequent to June 30, 2017, and flow-through premium liability of $308,132 (June 30, 2016 - $Nil) recorded in connection with the April 2017 flow-through private placement. The flow-through premium liability does not represent cash liability to the Company and was fully amortized during the quarter ended September 30, 2017 after the Company incurred qualifying flow-through exploration expenditures of $1,506,006 for the 2017 Akie drilling program.

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. See Item 1.15 – Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's overall success will be affected by its current or future business activities. The Company is currently in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank deposits of $4,464,425 and short-term investments in GICs of $4,013,023. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes and interest accrued on GIC investments.

The Company is exposed to higher credit risk on its loan receivable with the amortized balance of $108,466 as it is issued under an unsecured promissory note.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company achieves this by maintaining sufficient cash and cash equivalents. As at June 30, 2017, the Company was holding cash deposits of $4,464,425 to settle current cash liabilities of $633,133. Management believes it has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative costs.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, has exposure to these risks.

Interest Rate Risk

The Company is exposed to interest rate risk as its bank treasury account and other assets earn interest income at variable rates. The effect of a 10% fluctuation in interest rates may result in an increase or decrease in net loss of $4,400.

Currency Risk

The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company also maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 Transactions with Related Parties

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and Vice President of Exploration.

The remuneration of the key management personnel during the years ended June 30, 2017 and 2016 were as follows:

		2017		2016
Bonuses (iii)	$	128,429	$	11,067
Consulting fees (iv)		15,000		15,000
Directors fees (ii)		40,000		40,000
Exploration and evaluation expenditures (geological consulting) (v)		150,000		150,000
Management fees (i)		354,000		354,000
Other employment benefits (vii)		27,917		28,105
Share-based compensation (vi)		281,758		14,994
Total	$	997,104	$	613,166

(i) Pursuant to a management and administrative services agreement amended effective July 1, 2011 and May 1, 2014 with Varshney Capital Corp. ("VCC"), a company with two common directors, Peeyush Varshney and Praveen Varshney, the Company agreed to pay management and administrative fees of $29,500 and $5,000, respectively.

During the year ended June 30, 2017, the Company paid $354,000 (2016 – $354,000) for management fees and $60,000 (2016 – $60,000) for administrative fees to VCC;

(ii) the Company paid $40,000 (2016 - $40,000) in directors' fees to four directors of the Company - John Thomas, Marco Strub, Peeyush Varshney and Praveen Varshney;

(iii) the Company paid bonuses of $128,429 (2016 - $11,067) to VCC;

(iv) the Company paid $15,000 (2016 - $15,000) for consulting fees to Sircon AG, a company controlled by Marco Strub;

(v) the Company paid $150,000 (2016 - $150,000) for geological consulting fees to Ridgeview Resources Ltd., a company owned by VP of Exploration of the Company, of which $59,375 (2016 - $88,750) was capitalized as exploration and evaluation costs and $90,625 (2016 - $61,250) was expensed as consulting fees;

(vi) share-based compensation is the fair value of share options that have been granted to directors and executive officers and the related compensation expense recognized over the vesting periods; and

(vii) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company.

1.10 Fourth Quarter and Subsequent Events

During the fourth quarter ended June 30, 2017, the Company:

- commenced the 2017 diamond drilling program on its Akie Project, which was completed in August 2017;
- completed the flow-through private placement of 3,415,390 flow-through shares at a price of $0.44 per share for gross proceeds of $1,502,772 and a private placement of 1,310,857 units at a price of $0.35 per unit for gross proceeds of $458,800;
- accrued $40,000 for the fiscal 2017 year-end audit; and
- cancelled 200,000 unvested stock options, which were granted to a consultant in connection with the IR services contract dated August 8, 2016 and terminated in February 2017, and agreed to extend the expiry date of the vested 200,000 options granted to this consultant for an additional 6 month to February 8, 2018;

Subsequent to the year ended June 30, 2017:

- the Company cancelled and returned to its treasury 564,000 common shares repurchased under the NCIB prior to June 30, 2017;
- the Company received TSX-V approval for its new NCIB application to purchase at market price up to 8,152,189 common shares, being approximately 5% of the Company's issued and outstanding common shares, through the facilities of the TSX-V. The bid commenced on August 1, 2017 and will stay open for another 12 months.
- the Company repurchased 157,500 of its common shares under the new NCIB for total consideration of $45,994 at a weighted average price of $0.29 per share;
- the Company agreed to extend the repayment term for the $100,000 loan to February 26, 2018. The loan was granted in August 2016 under a promissory note bearing interest at a rate of 10% per annum; and
- 10,000 previously granted share options were exercised by a former employee of the Company at a price of $0.23 per share, and 10,000 common shares were issued for total proceeds of $2,300.

1.11 Proposed Transactions

The Company does not have any proposed transactions as at June 30, 2017 other than as disclosed elsewhere in this document.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 2 of the audited consolidated financial statements of the Company for the year ended June 30, 2017.

New standards adopted during the year

Certain accounting standards or amendments to existing IFRS standards were effective as of June 1, 2016 and have been adopted by the Company. There was no impact on the financial statements as a result of the adoption of these standards, amendments and interpretations.

New standards and interpretations not yet adopted

The Company has not early adopted these standards and is currently assessing the impact that these standards will have on its financial statements.

- *IFRS 9, Financial instruments* ("IFRS 9") was issued by the IASB on July 24, 2014 and will replace IAS 39, Financial instruments: recognition and measurement ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

- *IFRS 15, Revenue from Contracts and Customers* ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

- *IFRS 16, Leases*, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments as at June 30, 2017 were as follows:

	Loans & receivables	*Available for sale*	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets				
Cash	$ –	$ –	$ 4,464,425	$ –
Receivables	292	–	–	–
Loan receivable	108,466	–	–	–
Marketable securities	–	116,442	–	–
Investment	–	–	4,013,023	–
Financial liabilities				
Trade payables and accrued liabilities	–	–	–	633,133
	$ 108,758	$ 116,442	$ 8,477,448	$ 633,133

Unless otherwise disclosed their carrying values approximate their fair values due to the short term nature of these instruments. Please also see Note 2 of the audited consolidated financial statements of the Company for the year ended June 30, 2017.

1.15 Other Requirements

Summary of outstanding share data as at October 25, 2017:

(1)	Authorized: Unlimited common shares without par value	
(2)		
	Issued and outstanding:	163,053,783
	Less treasury shares:	(157,500)
(3)	Share options outstanding:	9,072,500
(4)	Warrants	3,457,250

Additional disclosures pertaining to the Company's technical report, 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, thank you for your continued support.

"Peeyush Varshney"

Peeyush Varshney
Director
October 25, 2017