Eloro Resources Ltd.
Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Eloro Resources Ltd. (the "Company") for the 3 months ended June 30, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of August 26, 2016.

All dollar amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward-Looking Statements
This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

The Company
The Company is a Canadian-based gold exploration and development company with a gold-silver property in Peru and base metal properties and royalties in the province of Quebec.

The Company is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on Tier 2 of the TSX Venture Exchange ("TSXV") under the symbol ELO and on the Frankfurt Stock Exchange under the symbol WKN 909833.

Overall Performance

Chief Technical Advisor Appointment and Changes to Management
On June 3, 2016, the Company announced the resignations of Mr. John Langton as President of the Company and Mr. Martin Bourgoin as the Company's Executive Vice President, Exploration, effective immediately. The Company's Chief Executive Officer and Chairman, Mr. Thomas Larsen, was appointed as interim President.

Private placement of units
On May 3, 2016 and May 10, 2016, the Company completed a non-brokered private placement of 2,352,942 units at a price of $0.17 per unit for proceeds of $400,000. Each unit consisted of one common share and one-half warrant, with 1,029,412 warrants and 147,059 warrants entitling the holder to purchase one common share for $0.30 until May 3, 2018 and May 10, 2018 respectively. Of the private placement, directors, officers and persons related to them and a director of Cartier Iron Corporation (a company which owns approximately 24.6% of the issued and outstanding common shares of the Company), acquired 1,041,174 units.

On August 25, 2015, the Company completed a non-brokered private placement of 1,800,000 units of at a price of $0.30 per unit for proceeds of $540,000 ("Private Placement"). Each unit consists of one common share and one half of one warrant, with each whole warrant entitling the holder to purchase one common share for $0.45 for 18 months following the closing date of the Private Placement. In connection with the Private Placement, two arm's length finders received as compensation a 7% cash commission aggregating $5,250 and 17,500 finder's warrants entitling the holders to purchase 17,500 common shares at a price of $0.45 per share for a term of 18 months. A director of the Company participated in the Private Placement. The Private Placement is subject to approval by the TSXV.

La Victoria, Peru
On July 3, 2014, the Company acquired an option from Tartisan Resources Corp. ("Tartisan"`), as amended November 28, 2014, June 4, 2015 and June 24, 2015, to earn a 60% interest in La Victoria, a gold-silver property consisting of 8 claims covering 3,433 hectares in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central

Mineral Belt of Peru. The option covers the following concessions: Ccori Orcco 1, Rufina, Rufina No. 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB.

In order to earn its interest, the Company must make option payments and incur exploration expenditures, as follows:

To earn 60% interest	**Option payments $**	**Exploration expenditures $**
On closing (paid)	50,000	–
July 3, 2015 (paid in advance on November 28, 2014)	50,000	–
June 5, 2015 (paid)	75,000	–
September 1, 2015 (paid)	45,000	–
January 3, 2016 (incurred) (extended from July 3, 2015)	–	43,578
January 3, 2017 (extended from July 3, 2016)	50,000	350,000
January 3, 2018 (extended from July 3, 2017)	–	400,000
January 3, 2019 (extended from July 3, 2018)	–	500,000
	270,000	1,293,578

During the term of the option, if the option holder Tartisan is granted the concession for San Felipe 3 consisting of 600 hectares, it will be added to the option and the Company must make additional exploration expenditures of $206,422 to earn its interest in La Victoria.

If either party acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest. Until the Company earns its 60% interest, the Company will be deemed to have a 60% interest and the option holder will be deemed to have a 40% participating interest. In the event that the agreement is terminated before Company earns its 60% interest, the Company shall transfer its interest in any additional properties within the area of interest to the option holder.

Upon the Company earning its 60% interest, a joint venture will deemed to be formed to explore and develop La Victoria and the parties will use their best efforts to enter into a joint venture agreement. If a party does not fund its proportionate share of the approved work plan and budget and the other party funds at least 80%, their interest will be diluted and when their interest is diluted to less than 10%, the party's interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1.5% by making a payment of $1,000,000. Each party shall have the right of first refusal on the on the sale of the other party's interest.

On August 4, 2016, the Company entered into a definitive agreement with Tartisan to acquire a 100% interest in La Victoria and terminate the option to acquire a 60% interest in La Victoria, subject to the terms and conditions further described in the *"Proposed Transaction"* section below on page 5.

Ongoing Exploration at La Victoria

On June 7, 2016, the Company announced the commencement of a follow-up surface exploration program at La Victoria. The exploration program will focus particularly on the Rufina West Oxide Gold Zone, a low sulphidation epithermal target where there is extensive artisanal mining activity and the adjacent Rufina East Sulphide Zone in the southern part of the property, Previous sampling by the Company has indicated the presence of significant high grade gold and silver values in these areas (see press releases October 8, 2015 and August 12, 2015). Work to be completed includes a 14km Induced Polarization Survey, geological mapping and lithogeochemical sampling. The Company retained noted Andean epithermal gold expert Dr. Osvaldo Arce Burgoa to conduct the mapping and targeted sampling program.

The Company is proceeding with the completion of a National Instrument 43-101 compliant technical report on the La Victoria property.

Further exploration programs at La Victoria are contingent upon the Company raising an adequate amount of financing.

Assignment of net smelter royalty on Simkar and Louvicourt

On May 20, 2016, the Company assigned 1.5% net smelter royalty on Simkar and 0.5% royalty on Louvicourt, in consideration for payment of $82,000.

Investor Relations Firm Retained

On July 7, 2016, the Company retained Profinnotiv AG ("Profinnotiv") to provide investor and public relations services in the European market for a period of 12 months, for which, the Company will pay a fee of €2,500 and grant 100,000 stock options entitling Profinnotiv to purchase one common share for $0.30 for 5 years from the date of grant.

Risks and Uncertainties

The Company is in the exploration stage and has no revenue. During the 3 months ended June 30, 2016, the Company recorded income of $45,783 (2015 - loss of $144,280) and as at that date, the Company had accumulated deficit of $24,315,926 (March 31, 2016 - $24,361,710), working capital of $20,802 (March 31, 2016 - working capital deficit of $252,065) and cash flow deficit from operations of $108,154 (2015 - $19,429). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licenses.

The Company is exposed to commodity price risk. A significant decline in precious and base metal commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

Results of Operations

	3 months ended June 30, 2016 $	2015 $
Expenses		
Professional fees	9,155	6,037
Consulting fees	64,500	61,500
Investor relations and marketing	25,929	52,938
General and office	28,485	13,229
Travel	6,076	–
Loss on sale of marketable securities	–	1,600
Unrealized gain on marketable securities	(100,487)	(1,639)
Gain on assignment of royalty	(82,000)	–
Writedown of exploration and evaluation	2,559	10,615
	(45,783)	144,280
Income (loss)	45,783	(144,280)

3 months ended June 30, 2016

The Company recorded income of $45,783 for the 3 months ended June 30, 2016 compared to a loss of $144,280 for the comparative period in the previous year due primarily to the following:

a) an increase in the unrealized gain on marketable securities to $100,487 compared to $1,639 in the comparative period in the previous year.
b) a gain of $82,000 assignment of royalty.

Summary of Quarterly Results

	Q2 2015 $	Q3 2015 $	Q4 2015 $	Q1 2016 $	Q2 2016 $	Q3 2016 $	Q4 2016 $	Q1 2017 $
Revenue	–	–	3,227	–	–	–	–	–
Income (loss)								
- Total	(78,840)	(115,687)	(349,289) (note 1)	(144,280)	(115,840)	(88,903)	(122,296)	45,783 (note 2)
- Per share	(0.01)	(0.02)	(0.03)	(0.01)	(0.01)	–	(0.01)	–

Note 1: Loss included stock-based compensation of $114,000 and an impairment of the Summit-Gabbre property on $130,547.

Note 2: Income included an unrealized gain on marketable securities of $100,487 and a gain of $82,000 assignment of royalty.

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

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In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Transactions with Related Parties

	3 months ended June 30, 2016 $	Outstanding as at June 30, 2016 $
Exploration and evaluation		
MRB & Associates, a company controlled by Martin Bourgoin and John Langton, former officers, for geological consulting services	3,775	45,504
John Langton, former President, for his services as President	8,000	43,280
Steel & Associates, a company controlled by Jim Steel, for his services as Senior Vice President, Mining	22,500	59,750
Consulting fees		
847785 Ontario Ltd., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	28,000	59,259
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	17,000	68,250
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	17,000	68,325
A.S. Horvath Engineering Incorporated, a company controlled by Alexander Horvath, a director, for geological consulting services	7,500	34,100

Proposed Transactions

Definitive agreement to acquire La Victoria

On August 4, 2016, the Company entered into a definitive agreement with Tartisan to acquire a 100% interest in La Victoria and terminate the option to acquire a 60% interest in La Victoria. As consideration for the acquisition, the Company will:

a) pay $250,000 on the closing date and $100,000 on the date that is 6 months after the closing date;
b) issue 6,000,000 common shares ("Common Shares");
c) grant 3,000,000 warrants ("Warrants") entitling the holder to purchase one common share for $0.40 for 3 years after the closing date, provided that, if the average closing price of the Company's common shares is at least $1.00 per share for 20 consecutive trading days ending on a trading day which is more than 18 months after the closing date, the Company may accelerate the expiry date of the warrants on 45 days' notice.
d) grant a 2% net smelter royalty with an option to reduce the NSR to 1% for consideration of $3,000,000.

Title to the San Markito concession will not be transferred to the Company until the final payment of $100,000 is made.

The Common Shares to be issued to Tartisan will be subject to the following terms:

a) for 18 months after the closing date, Tartisan shall not sell, transfer, mortgage, hypothecate, grant a security interest in the Common Shares without the prior written consent of the Company, and thereafter for an additional three year period, Tartisan shall not sell more than 1,000,000 Common Shares during any 6-month period;

b) Tartisan agrees to provide the Company with 45 days' notice prior to any sale, during which time, the Company would have the right to identify purchasers for the Common Shares and have the right of first refusal to place the Common Shares pursuant to the terms of a mutually agreeable sale;
c) for 2 years after the closing date, Tartisan shall have the pre-emptive purchase right to participate in financings by the Company ("Subsequent Offering") to acquire a number of common shares which would result in the its proportional interest held immediately prior to such Subsequent Offering being maintained immediately following the closing of such Subsequent Offering, up to a maximum of 19.9%;
d) for 4 years after the closing date, Tartisan shall not vote, or encourage anyone else to vote:
   (i) against any shareholder resolution recommended by the Board, except the event of change of control of the Company or failure by the Company to maintain its status as a reporting issuer under securities law in Ontario;
   (ii) in favour of the election of nominees to the Board not proposed by the then incumbent Board; or
   (iii) in favour of any shareholder resolution or proposal unless the then incumbent Board recommends voting in favour of such shareholder resolution or proposal.

The proposed transaction would create a new "Control Person" in the Company, pursuant to applicable securities legislation, as it is proposed that the Company issue Tartisan 6 million Common Shares and 3 million Warrants (representing 22.4% of the common shares of the Company on a non-diluted basis, and 30.2% of the common shares of the Company on a partially-diluted basis, assuming the exercise of only the Warrants held by Tartisan). In accordance with the policies of the TSXV, disinterested shareholder approval is required for the creation of a new Control Person.

The proposed transaction remains subject to several conditions, including: (i) the receipt of all necessary approvals, including final approval of the TSXV for the Company; (ii) the completion of a NI 43-101 Technical Report on La Victoria by the Company; and (iii) shareholder approval from the shareholders of the Company. The Company made a submission to the TSXV and received conditional approval for the proposed transaction on August 8, 2016 and will proceed with obtaining the required shareholder approval for the issuance of the securities pursuant to the proposed transaction. A NI 43-101 report on La Victoria is currently being drafted. Any securities to be issued by the Company pursuant to the proposed transaction would be subject to a 4-month hold period.

Changes in Accounting Policies including Initial Adoption

New standards and interpretations not yet adopted

On April 1, 2016, the Company adopted the following amendment to standards:

IAS 1, Presentation of Financial Statements

Amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The following new standard will be effective for periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments ("IFRS 9")

This standard will replace *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules In IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The Company has not determined the extent of the impact of IFRS 9 on its financial statements.

The following new standard will be effective for periods beginning on or after January 1, 2019:

IFRS 16, Leases ("IFRS 16")
IFRS 16 specifies the requirements to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has not determined the extent of the impact of IFRS 16 on its financial statements.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Impairment of exploration and evaluation
Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount, including the ability to renegotiate option agreements.

Warrants
For private placements of units consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants issued, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility.

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Financial instruments and risk management
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Due from Cartier and accounts payable and accrued liabilities
The fair value of due from Cartier and accounts payable and accrued liabilities approximates their carrying value due to their short term to maturity.

Warrants and stock options
The fair value of warrants and stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on grant date, exercise price, expected volatility (based on historical volatility or historical volatility of securities of comparable companies), weighted average expected life and forfeiture rate (both based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data

Cash and marketable securities are measured at fair value at Level 1 of the fair value hierarchy.

Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company’s limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company’s approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at June 30, 2016 had changed by 25%, with all other variables held constant, the loss would have decreased or increased by $27,044.

Interest rate risk

The Company’s exposure to interest rate risk is limited due to the short-term nature of its financial instruments. The Company has no interest-bearing debt.

Capital management

Capital of the Company consists of share capital, warrants, contributed surplus and deficit. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company’s principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company’s approach to capital management during the year.

Other Information

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	3 months ended June, 2016 $	**2015 $**
General and office expenses		
Rent	9,885	4,070
Office	3,281	92
Insurance	4,847	6,078
Public company costs	10,472	2,990
	28,485	13,229

Exploration and evaluation

	March 31, 2016 $	**Acquisition costs $**	**Exploration $**	**Writedown $**	**June 30, 2016 $**
Property					
La Victoria	488,471	–	164,056	–	652,527
Other	–	–	2,559	(2,559)	–
	488,471	–	166,615	(2,559)	652,527

Shares Outstanding as at August 26, 2016

Shares
Authorized:
An unlimited number of common shares without par value.
An unlimited number of redeemable, voting, non-participating special shares without par value.

Outstanding:
22,727,721 common shares

Warrants
Outstanding:

Exercise price	**Expiry date**	**Warrants outstanding**
$10.00	December 8, 2016	308,058
$0.15	February 19, 2017	1,500,000
$0.24	September 3, 2017	625,000
$0.30	May 3, 2018	1,029,412
$0.30	May 10, 2018	147,059
$0.45	February 25, 2018	917,500
		4,527,029

Stock options
Authorized:
2,272,772 stock options.

The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSXV. The maximum term for stock options will be 5 years and stock options granted will vest immediately.

Outstanding:

Exercise price	Expiry date	Options outstanding and exercisable
$0.10	January 29, 2020	1,150,000
$0.15	February 27, 2020	100,000
$0.12	December 7, 2020	200,000
$0.30	July 6, 2021	100,000
		1,550,000