

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 year ended March 31, 2017 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of July 31, 2017.

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 following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page	Forward-looking statement	Assumption	Risk factor
8	Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from equity financings to meet the Company's liabilities and commitments as they become due."	Equity financings will be obtained.	The Company is unable to obtain future financing to meet liabilities and commitments as they become due.

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

Private placements 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, which owns 3,043,500 common shares of the Company, acquired 716,174 units.

On August 25, 2016, 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. Each unit consisted 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 until February 25, 2018. Of the private placement, a director of the Company acquired 500,000 units. In connection with the Private Placement, the Company paid a 7% cash commission of \$5,250 and issued 17,500 broker warrants entitling the holder to purchase one common share for \$0.45 until February 25, 2018.

On December 29, 2016, the Company completed a non-brokered private placement of 928,571 units at a price of \$0.35 per unit for proceeds of \$325,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until December 29, 2018. Of the private placement, an officer of the Company acquired 4,264 units.

On January 6, 2017, the Company completed a non-brokered private placement of 71,429 units at a price of \$0.35 per unit for proceeds of \$25,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until January 6, 2019.

On May 31, 2017, the Company completed a non-brokered private placement of 428,571 units at a price of \$0.70 per unit for proceeds of \$300,000. 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 \$1.00 until May 31, 2019. Of the private placement, a company controlled by an advisor to the Company acquired 11,285 units.

Definitive agreement to acquire La Victoria Gold/Silver Property, Peru

On October 17, 2016, the Company acquired a 100% interest in La Victoria and terminated the option to acquire a 60% interest in La Victoria. As consideration for the acquisition, the Company:

- a) paid \$350,000 in cash;
- b) issued 6,000,000 common shares (“Common Shares”) with a fair value of \$1,476,000.
- c) granted 3,000,000 warrants entitling the holder to purchase one common share for \$0.40 until October 17, 2019, provided that, after April 17, 2018, if the average closing price of the Company’s common shares is at least \$1.00 per share for 20 consecutive trading days, the Company may accelerate the expiry date of the warrants on 45 days’ notice.
- d) granted a 2% net smelter royalty with an option to reduce the NSR to 1% for consideration of \$3,000,000

The Common Shares issued to Tartisan are subject to the following terms:

- a) until April 17, 2018, Tartisan will not sell, transfer, mortgage, hypothecate, grant a security interest in the Common Shares without the prior written consent of the Company, and thereafter, until April 17, 2021, Tartisan will not sell more than 1,000,000 Common Shares during any 6-month period;
- b) Tartisan will provide the Company with 45 days’ notice prior to any sale, during which time, the Company will 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) until October 17, 2018, Tartisan will 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) until October 17, 2020, Tartisan will 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.

On January 17, 2017, the Company registered four additional mining claims totaling 3,400 hectares on the southern boundary of La Victoria, increasing its interest 8,042 hectares in 8 concessions and 8 claims.

Grant of option for a 25% interest in La Victoria

On March 30, 2017, the Company granted an option to EHR Resources Limited (formerly Cott Oil and Gas Limited)(“EHR”) acquire up to a 25% interest in La Victoria. In order to earn its interest, EHR must incur exploration expenditures as follows:

	Exploration expenditures \$
To earn a 10% interest	
October 31, 2017	2,000,000
To increase to a 25% interest	
July 31, 2018	3,000,000
	5,000,000

If either the Company or EHR 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 EHR earns its 10% interest, the Company will be deemed to have a 100% interest and until EHR earns its 25% interest, the Company will be deemed to have a 90% interest. In the event that the agreement is terminated before the Company earns its 10% or 25% interest, EHR shall transfer its interest in any additional properties within the area of interest to the Company.

Upon EHR earning its 10% or 25% interest, a joint venture, with the Company as operator, will be formed to explore and develop La Victoria.

If the Company or EHR does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 7%, 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% by making a payment of \$3,000,000.

In the event the EHR proposes to sell any interest in La Victoria to a third party, the Company has a right of first refusal to match any offer for the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with EHR about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, EHR will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

The option agreement is subject to the approval of the shareholders of EHR which was received on June 15, 2017 and the Australian Securities Exchange.

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 focused 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). Completed work included an 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.

This work program was incorporated in a new National Instrument 43-101 Technical Report ("Technical Report"), which was filed on September 7, 2016, authored by Mr. Luc Pigeon, M.Sc., P.Ge. The Technical Report was filed as one of the terms precedent to the acquisition of La Victoria and is available under the Company's profile on SEDAR (www.sedar.com).

As outline in the Technical report, four principal mineralized zones are identified at La Victoria: San Markito, Rufina, Victoria and Victoria South. The Rufina and San Markito zones are the most advanced targets and are recommended for drilling whereas the Victoria and Victoria South zones are at an early exploration stage. In general, mineralization occurs within breccias and veins that contain significant gold and silver concentrations and trace element characteristics that are compatible with epithermal deposits especially the low sulphidation type.

A two-part Phase I exploration program was recommended in the Technical Report. The first part is budgeted at US\$250,000 and includes permits, road work and drill pad construction for the diamond drill program, with detailed follow-up mapping, sampling and geophysical surveys. The Part 2 drill program is budgeted at US\$850,000 and includes 3,000m of diamond drilling at San Markito and Rufina. The Company has initiated discussions with several drill contractors in Peru for the Phase I drilling program.

La Victoria is located within a prolific epithermal gold deposit belt that extends from Cajamarca to Ancash and includes such gold deposits as Yanacocha, Lagunas Norte and La Arena. The La Arena mine is located 50km northwest of the property.

At the Rufina mineralized zone, five vein sets of 20m to 70m in width were identified at the Rufina West mineralized zone, with lengths ranging from 10m to possibly 500m, with an average exposure of some 150m. Vein sets are composed of iron oxide-quartz-arsenopyrite-hydroxide-sulphate minerals in veinlet swarms, stockworks, and breccia zones. Veins are dominantly tensional, and are characterized by open space filling fabrics. Mineralization below the oxidation layer contains pyrite, bornite, chalcopyrite, and arsenopyrite, and where a 40-cm chip sample massive arsenopyrite sample carried 68.3 g/t gold, 52.7 g/t silver, and 0.77% copper. Chip channel sampling within the Rufina mountain underground workings identified several gold rich arsenopyrite veins. One sample returned an elevated gold concentration of 15.1 g/t Au over 0.5 m and 136.4 g/t Ag, 1.61% lead and 3.75% zinc. Three alteration samples from the recent sampling returned an averaged 8.8 g/t gold and 23.8 g/t silver.

Structural settings include faults and fractures bounded by brittle-ductile fault systems and shear zones. They are well developed in intrusive rocks as well as underlying sediments of the Chicama Fm.

The 2D inverse geophysical interpretation from the induced polarization survey shows that the high resistance diorite (the main mineralized lithology present on the Rufina zone) is concentrated near the surface and is underlain by conductive and chargeable sedimentary rocks. There appears to be a chargeability anomaly concentrated along the contact between the diorite and the underlying Chicama Fm sediments; since the anomaly also shows a higher resistivity value than what is usual for the Chicama Fm, it is interpreted to be mineralization along the contact; this is a high-priority drill target.

The San Markito mineralized zone is approximately 1300m long and 400m wide and is open along strike to the northwest. Mineralization occurs within breccias and veins that strike northwest and dip to the northeast at between 55 and 80 degrees. The breccias vary in lengths between 30m and 200m with widths between 5m and 20m; veins are between 20cm and 1.0m in width and have been traced up to 160m, although most identified veins are between 10m and 20m long. The breccia mineralization is composed of quartz, pyrite, arsenopyrite, iron-oxide, malachite and other secondary oxides and sulphates minerals whereas the vein mineralization is composed of quartz, arsenopyrite, chalcopyrite, pyrite, iron oxides (limonite), hydroxides (goethite) and sulphate (jarosite).

San Markito gold and silver values range from trace values to 2.27 g/t gold in the veins and to 1,814 g/t silver in the breccias. Lead, arsenic, and antimony are also enriched with lead reaching 16.82% and the latter two over the 1% analytical limit. In addition, copper values from two breccia samples returned anomalous values up to 2.31%.

The Victoria South zone is located between San Markito and Rufina zones. The host rocks are dominantly the Upper Jurassic Chicama Formation. The zone is comprised of structural vein sets ranging between 5 to 30m in width composed of iron and manganese oxides, quartz, arsenopyrite, pyrite and goethite. Most of the vein sets are bounded by faults and shear zones, with a dominant E-W east-west strike and subvertical to vertical dips. Vein lengths range from from 5m to possibly 50m, and between 1cm and 40cm in width, averaging 20cm. The main vein system is the San Carlos which was exploited for about 50m along strike. It consists of 2-3 quartz veins with abundant gossan, limonite, drusy quartz and arsenopyrite in a shear zone. Gold values mineralization range from 0.027 g/t Au up to 8.4 g/t Au over 1.2m. Silver values vary between negligible to 39.0 g/t over 1.5m. Arsenic concentrations can exceed the 10% detection limit in gold-rich samples. Lead and Zn concentrations are negligible.

The Victoria Au-Ag zone is located east of the San Markito zone within the Victoria intrusion QFP and diorite rocks near the contact with the sedimentary rocks of the Chimu Fm. Mineralized structures vary from 10 m to 100 m and widths vary from 0.1 m to 0.9 m. Surface vein material is composed of anhedral quartz and secondary iron oxide and hydroxide minerals producing a distinctive dark brown to rusty yellowish brown color. Gold and Ag values vary from trace to 14.4 g/t Au and 927 g/t Ag respectively. Copper values are elevated in most samples to a maximum of 4.29% Cu.

On October 19, 2016, the Company announced that it has completed the Phase I exploration program recommended in the Technical Report. Phase I included geological mapping and sampling, geophysical surveys, data processing, permit applications, and accessibility improvements for the Phase II drill program. The Phase II diamond drilling, which will total up to 3,000m, will focus on targets at the San Markito and Rufina Mineralized Zones. The completed work increased the Company's understanding of the potential of La Victoria and outlined a number of follow-up targets. In advance of the drilling program, the Company embarked on the second phase of a geological mapping and sampling program led by Dr. Osvaldo Arce. This work concentrates on the 3-plus km potential strike length of the San Markito-Victoria silver-gold mineralized breccia zones which have had very limited previous exploration. A new road is being constructed by the Peruvian government that is opening up a key portion of La Victoria which will greatly facilitate the Company as it undertakes this work. In addition, the Company will be completing a detailed soil geochemical survey of Rufina North to better define a potential heap-leachable gold target near a strong IP anomaly outlined in its survey.

On December 14, 2016, the Company announced in had completed the second phase of geological mapping and sampling in the San Markito-Victoria area (San Markito and San Felipe 2 concessions) in the northern part of the La Victoria property. This program covered an area of approximately 370 ha concentrated on the three-plus km of potential strike length of the silver-gold mineralized breccias at the San Markito zone. In the course of the mapping work, 130 rock samples were taken with most samples being continuous channels by gas-powered diamond saw or chip sampling. These samples were analyzed for gold and silver by fire assay and 31 element ICP analysis to define geochemical trends. A table containing the significant results is contained in the December 14, 2016 news release.

The best gold values from the Victoria zone were 8.91 g/t Au (and trace silver) over 0.5m; 2.40 g/t Au and 86.1 g/t g/t Ag over 0.50m and 0.81 g Au/t with 229 g/t Ag over 3.50m. Anomalous gold values can be traced for more than 1.0 kilometre along strike and appear to indicate a potential gold-rich target area east of San Markito. The best silver values were 994 g/t Ag with 0.35 g/t Au in a continuous diamond saw channel sample over 4.00m and 390 g/t Ag with 0.53 g/t Au over 1.53m and >1.0% Pb This further confirms previous sampling which returned values up to 2.27 g/t Au and up to 1814 g/t

Ag with up to 16.82% Pb. The silver anomaly in the San Markito area extends over 1.5 km in strike length. Au, Ag, Pb and arsenic (As) are positively correlated, including anomalous antimony (Sb).

Gold-silver mineralization on the La Victoria property is spatially and structurally associated with a series of dioritic to granodioritic intrusive rocks that intrude sandstone and shale of the Chicama and Chimu Formations. In the San Markito-Victoria area Ag-Au occurs at or near an intrusive contact within an extensive area of hydrothermal alteration approximately 4km long by up to 1km wide. Alteration is characterized by silicic, argillic and limonitic alteration, surrounded by a halo of propylitic alteration. This alteration is likely in the upper part of a major low sulphidation epithermal system. Mineralization is comprised of a wide variety of types including veins, dykes, veinlets, breccias, crackle breccias, boxworks and stockworks with multiple stages of mineralization evident. The best grade mineralization appears to be associated with NW-SE striking faults cutting this alteration zone.

The completed work continues to confirm the presence of a major epithermal system with multiple stages of mineralization in the San Markito-Victoria area in the northern part of the La Victoria property. The intensity of alteration and the wide range of styles of mineralization is very encouraging. It should be noted that some of the surface samples were oxidized, in some cases intensely, such that the values may have been affected by leaching in the surface environment.

Additionally, the Company also announced on December 14, 2016, that its wholly-owned Peruvian subsidiary, Compañía Minera Eloro Peru S.A.C., had acquired an additional mining concession, Romina 3, covering approximately 600ha, that ties on to the western boundary of the Rufina Concession in the southwest corner of the La Victoria property.

At Rufina, gold mineralization occurs principally within quartz veins in shear zones within dioritic intrusive and sedimentary rocks. Work to date by the Company has identified five vein shear sets of 20m to 70m in width in the western part of the mineralized zone. Vein sets are composed of iron oxide-quartz-arsenopyrite veins, in veinlet swarms, stockworks, and breccia zones. Three surface samples from the mineralized zone averaged 8.8 g/t gold and 23.8 g/t silver, while one 50cm chip sample taken from an artisanal adit returned 15.1 g/t gold, 136.5 g/t silver, with 1.61% lead and 3.75% zinc. In the northern part of Rufina at higher elevations, the mineralized rocks are oxidized and have argillic alteration suggesting potential for heap-leachable gold mineralization. The recently completed IP survey shows that the high resistance diorite (the main mineralized lithology present on the Rufina zone) is concentrated near the surface in this area and is underlain by conductive and chargeable sedimentary rocks; this target, known as Rufina North, will be tested in the planned drill program.

On January 17, 2017, the Company announced that its Peruvian subsidiary had registered four additional mining claims totaling 3,400 ha (34 sq. km) of prospective exploration lands on the southern boundary of La Victoria. This brings the total lands held to 8,042 ha (80.4 sq. km.) in 8 concessions and 8 claims.

As part of a continuing review of the surface geology of the La Victoria property and environs, a large tract of land bordering the Rufina 2 Concession to the south was seen to host geology similar to what is seen on the Ccori Orcco Concession, and mining rights were available to acquire by staking. This property acquisition makes the Company one of the largest holders of mining rights in the northern Ancash Department section of the North-Central Peru Mineralized Belt.

In addition, extensive new mineral claims have been registered by major corporations since January 1, 2017, demonstrating a new influx of some of the world's largest and best known mining companies entering into the northern Ancash Department. These holdings are located to the south, east, and north of the La Victoria property that continues the trend started in July of 2016 by First Quantum Minerals Ltd, which registered 14,100 ha (141 sq. km) in 15 mining claims southeast of La Victoria.

Newmont Peru SRL, a subsidiary of Newmont Mining Corporation, has registered 8,767 ha (87.7 sq. km.) in thirteen mining claims contiguous with the new southern boundary of the La Victoria property. In addition, Newmont has registered 3,300 ha (33 sq. km.) in five mining claims due West of La Victoria, as well as a very large, prospective land position just across the La Libertad/Ancash boundary some 7 km west with 8,500 ha (85 sq. km.) in 11 contiguous mining claims between the Patibal Gold Mine and the Santa Rosa Gold/Copper Mine.

Minera Barrick Misquichilca SA, the Peruvian subsidiary of Barrick Gold Corporation has registered a 600 ha (6 sq. km.) mining claim on the eastern boundary of the Company's Santa Ana 2 Concession, while proximal to this is a new landholding by Anglo American Peru SA, a subsidiary of Anglo American plc, with three mining claims totalling 2,700 ha (27 sq. km.).

Fresnillo Peru SAC, subsidiary of Mexican miner Fresnillo plc, has registered one 400 ha (4 sq. km.) claim on the northern boundary of the Company's San Markito Concession, and has acquired an additional 300 ha (3 sq. km.) mining claim to the east of La Victoria.

As a result of this recent activity, La Victoria is now bordered on the north by Fresnillo; on the south by Newmont; on the southeast by First Quantum; and on the east by Barrick Gold, with Anglo American in close proximity.

On April 25, 2017, the Company issued further results from on-going geological mapping and sampling program at La Victoria. The work has outlined two major new target areas in Ccori Orcco. target 1 is located approximately 1.5km east of San Markito while target 2 is approximately 500m south of target 1 and 1.5km east of Rufina.

Both target areas in Ccori Orcco are at least 200m wide and extend for approximately 1 km along strike parallel to major NW-SE and NE-SW structures in the area. Mineralization is associated with hydrothermal (argillic and silicic) and supergene alteration in hydrothermal breccias associated with quartz feldspar porphyries. Preliminary sampling was carried out in the area.

Reinterpretation of historical induced polarization data in the San Markito area shows a strong chargeability anomaly that coincides with the Ag-Au showings in mineralized breccias. The anomaly extends for at least 1250m north-south at depths from about 50 m to more than 200m, the maximum depth reached with the array that was used for the survey. The anomaly extends as far south as the last IP line. It is thus open to the South as well as to greater depth. The shape of the anomaly suggests elongation in a north or north-northwest direction, parallel to important structures that have been mapped at San Markito.

To date, the Company has outlined five major target areas at La Victoria. Two of these areas, Rufina and San Markito, are nearing final permit approval for diamond drilling. It is the Company's belief that there are multiple low to intermediate sulphidation epithermal systems on the La Victoria project and these systems appear to be controlled by major NW-SE trending faults with mineralization typically occurring at intersections of these faults with NE-SW trending structures as well as along intrusive-sedimentary contacts. The identification of quartz feldspar porphyries intrusives in the Ccori Orcco area is positive as these intrusives are associated with major gold deposits elsewhere in the mineral belt.

On June 13, 2017, the Company announced that ongoing reconnaissance geological mapping and sampling outlined a major new mineralized trend in the Victoria South area of La Victoria. This mineralized area appears to be closely associated with the Puca Fault, a major northeast-southwest striking regional fault that is a likely feeder structure for multiple stages of epithermal gold-silver mineralization on the property. Geologically the style of mineralization is similar to that of Rufina located approximately 1.7 kilometres to the southwest and is the likely northern continuation.

Assays from an initial twenty-two rock chip samples returned encouraging results including: 33.02 g Au/t over 0.30m across a quartz vein with arsenopyrite and pyrite, in intrusive diorite; 8.02 g Au/t over 0.20m in the intersection of a series of low-angle structures; 5.46 g Au/t across a 0.30m wide quartz vein in altered diorite, with disseminated arsenopyrite and pyrite.

In addition to the higher-grade bonanza-style gold mineralization, significant results were also returned from limited sampling of the host breccia zones including 13.66 g Au/t over 1.10 metres, 2.73 g Au/t over 0.20 metres and 1.10 g Au/t over 0.60 metres. Much of the mineralized breccia is not well exposed and has been heavily oxidized hence trenching will be required to more accurately assess its potential.

The new mineralized zone at Victoria South is approximately 170 metres wide and strikes northwest-southeast extending for at least 1 km along strike. It appears likely that this zone is the southern continuation of the mineralized zone at San Markito which is marked by strong induced polarization anomalies that also trend northwest-southeast. This would suggest the potential strike length may be more than 3 km. A second target at Victoria South, the breccia zone, that trends northeast-southwest for approximately 850m, is up to 200m wide and is a potential target for bulk tonnage mineralization. Trenching is required to better expose this zone for sampling.

For additional technical information on the La Victoria Project, the reader is referred to the NI 43-101 Technical Report on the La Victoria Au-Ag Property, Ancash, Peru filed under Eloro's profile on SEDAR (www.sedar.com).

Further exploration programs at La Victoria are contingent upon funding from EHR and 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 6, 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 until July 6, 2021.

Market maker retained

On January 17, 2017, the Company announced it had retained Integral Wealth Securities ("Integral") to provide market-making services in accordance with TSX Venture Exchange ("TSX.V") policies. Integral will trade shares of the Company on the TSX.V for the purposes of maintaining an orderly market and improving the liquidity of the Company's shares.

Integral will not receive shares or options as compensation. However, Integral and its clients may have or may acquire a direct interest in the securities of the Company. Eloro and Integral are unrelated and unaffiliated entities; Integral is a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and can access all Canadian Stock Exchanges and Alternative Trading Systems. The capital and securities required for any trade undertaken by Integral as principal will be provided by Integral.

The agreement is for an open-ended term of at least three months and may be terminated thereafter on 30 days' notice.

Addition to the Company's Board of Directors

On January 27, 2017, the Company announced the appointment of Richard Stone, C.I.M., as a member of the Board of Directors. Mr. Stone is Chairman and Chief Investment Officer of Stone Asset Management Limited, which he founded in 1999 following the launch of Stone & Co. Limited in 1995, where he continues to oversee the management, operations, and promotion of Stone Funds, Stone Flow-Through Limited Partnerships, and Stone Structured Products as Chief Executive Officer.

Grant of stock options

On January 27, 2017, the Company granted 1,275,000 stock options to directors, officers, consultants and an employee with each option entitling the holder to purchase one common share for \$0.55 until January 27, 2022.

On February 7, 2017, the Company granted 100,000 stock options to an advisor with each option entitling the holder to purchase one common share for \$0.77 until February 7, 2022.

On April 7, 2017, the Company granted 100,000 stock options to a consultant entitling the holder to purchase one common share for \$0.75 until April 7, 2022.

Notices of assessment

On July 26, 2017, the Company received notices of assessments from Revenu Quebec for the repayment of \$367,360 ("Notices") for the return of refunds of \$280,961, \$25,217 and \$7,766 received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2016, respectively and interest thereon of \$53,416.

Having just received the Notices, the process of dealing with the Notices is at an early stage and it is not yet possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount has been recorded as a liability in the consolidated financial statements.

Risks and Uncertainties

The Company is in the exploration stage and has no revenue. During the year ended March 31, 2017, the Company incurred a loss of \$1,170,722 (2016 - \$471,319) and as at that date, the Company had an accumulated deficit of \$25,532,106 (2016 - \$24,361,710) and a working capital deficit of \$241,213 (2016 - \$252,065). 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 March 31,		Years ended March 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses				
Professional fees	10,943	5,057	43,388	23,025
Consulting fees	61,500	61,500	270,915	246,000
Stock-based compensation	714,000		741,000	22,000
Investor relations and marketing	48,689	17,480	165,563	96,128
General and office	70,111	8,883	197,581	68,710
Travel	31,514	—	97,740	4,050
Loss on sale of marketable securities	—	(800)	—	13,140
Unrealized gain on marketable securities	(100,310)	18,610	(270,602)	2,344
Gain on assignment of royalty	—	—	(82,000)	—
Impairment of exploration and evaluation	(6,908)	11,566	5,769	33,930
Gain on settlement of accounts payable	—	—	—	(38,008)
Foreign exchange loss	1,042	—	1,042	—
	830,582	122,296	1,170,396	471,319
Loss	(830,582)	(122,296)	(1,170,396)	(471,319)

Years ended March 31, 2017

The Company recorded a loss of \$1,170,396 for the year ended March 31, 2017 which is a significant increase compared to a loss of \$471,319 in the previous year. Increases in consulting fees, stock-based compensation, investor relations and marketing, general and office and travel, all due to an increase in the level of activity, were offset by an increase in the unrealized gain on marketable securities of \$270,602 and a gain of \$82,000 on the assignment of royalty.

3 months ended March 31, 2017

The Company recorded a loss of \$830,582 for the 3 months ended March 31, 2017 which is a significant increase compared to a loss of \$115,810 for the comparative period in the previous year. Increases in investor relations and marketing, general and office and travel, all due to an increase in the level of activity. Increase in stock-based compensation \$714,000 reflects the fair value of stock options during the period.

Summary of Quarterly Results

	Q1 2016 \$	Q2 2016 \$	Q3 2016 \$	Q4 2016 \$	Q1 2017 \$	Q2 2017 \$	Q3 2017 \$	Q4 2017 \$
Revenue	—	—	—	—	—	—	—	—
Income (loss)								
- Total	(144,280)	(115,840)	(88,903)	(122,296)	45,783 (note 1)	(295,244) (note 2)	(90,354)	(830,582) (note 3)
- Per share	(0.01)	(0.01)	—	(0.01)	—	(0.01)	—	(0.03)

Note 1: Income included an unrealized gain on marketable securities of \$100,487 and a gain of \$82,000 assignment of royalty.

Note 2: Loss included stock-based compensation of \$27,000 and unrealized gain on marketable securities of \$30,635.

Note 3: Loss included stock-based compensation of \$714,000.

Liquidity and Capital Resources

At March 31, 2017, the Company had a cash balance of \$26,096 and marketable securities with a fair value of \$278,292. In addition, there are 625,000 warrants entitling the holder to purchase one common share for \$0.24 until September 3, 2017, which are in-the-money and the Company expects to be exercised for proceeds of \$150,000.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with the proceeds of equity financings. The Company is dependent upon the support of its creditors and the Company's ability to secure equity financings to meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of mineral resource properties.

Estimated working capital requirements for 2018

	\$
Corporate and general	400,000
Accounts payable and accrued liabilities at March 31, 2017, excluding amounts owed to related parties	135,000
Due to Tartisan Resources Inc.	75,000
Mining claim fees	40,000
	650,000

Excluding consulting fees to management, the payment of which is being deferred, corporate and general costs for the years ended March 31, 2017 and 2016 were approximately \$400,000 and \$200,000, respectively. For the year ended March 31, 2018, the Company estimates its corporate and general costs of approximately \$400,000.

At March 31, 2018, accounts payable and accrued liabilities were \$591,284, of which, \$453,584 represents consulting fees owed to related party management and consultants, the payment of which is being deferred. Accordingly, the accounts payable and accrued liabilities to non-related parties is approximately \$135,000.

The Company paid the amount due to Tartisan Resources Inc. and mining claim fees, which will be reimbursed from the proceeds of the option agreement with EHR Resources Limited.

Management is of the opinion that sufficient working capital will be obtained from equity financings to meet the Company's liabilities and commitments as they become due. In the event that the Company is not able to obtain sufficient working capital from equity financings, the Company could consider selling marketable securities.

Transactions with Related Parties

	Years ended March 31, 2017 \$	Outstanding as at March 31, 2017 \$
Exploration and evaluation		
MRB & Associates, a company controlled by Martin Bourgoin and John Langton, former officers, for geological consulting services	15,194	42,244
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	74,000	84,350
Consulting fees		
847785 Ontario Ltd., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	115,350	14,030
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	69,675	104,350
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	69,675	108,025
A.S. Horvath Engineering Incorporated, a company controlled by Alexander Horvath, a director, for geological consulting services	30,000	59,525

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.

Common shares issued for acquisition and settlement of account payable

The Company applies judgment in determining the common share price used in accounting for the La Victoria acquisition and the settlement of accounts payable in common shares. Factors considered in making those judgments include, but are not limited to, the discount to apply to the common shares to reflect the 18-month hold period, the date of the settlement agreement, the date of regulatory approvals of the settlement, the relative fair value of the common shares during these periods and the fair value of the accounts payable settled.

Stock-based compensation and fair value of warrants

The Company uses the Black-Scholes option pricing model in valuing stock-based compensation and the fair value of warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, the actual stock-based compensation may vary from the amount estimated.

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.

Accounts payable and accrued liabilities

The fair value of 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.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

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 March 31, 2017 had changed by 25%, with all other variables held constant, the loss would have decreased or increased by \$69,573.

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.

	Years ended March 31,					
	2017	2016				
	\$	\$				
General and office expenses						
Rent	44,207	17,373				
Health plan	26,060	—				
Office	62,782	538				
Insurance	22,140	20,595				
Public company costs	42,392	30,204				
	<hr/> 197,581	<hr/> 68,710				
Exploration and evaluation						
	March 31,	Acquisition	Exploration	Mining	Writedown	March 31,
	2016	costs		tax credits		2017
	\$	\$	\$	\$	\$	\$
Property						
La Victoria	488,471	2,938,985	706,679	—	—	4,136,135
Other	—	—	17,294	(11,526)	(5,769)	—
	<hr/> 488,471	<hr/> 2,938,985	<hr/> 725,973	<hr/> (11,526)	<hr/> (5,769)	<hr/> 4,136,135

Shares Outstanding as at July 31, 2017

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:

31,493,804 common shares

Warrants*Outstanding:*

Exercise price	Expiry date	Warrants outstanding
\$0.24	September 3, 2017	625,000
\$0.30	May 3, 2018	812,500
\$0.45	February 25, 2018	896,900
\$0.30	May 10, 2018	147,059
\$0.50	December 29, 2018	464,286
\$0.50	January 6, 2019	35,714
\$0.40	October 17, 2019	3,000,000
\$1.00	May 31, 2019	214,285
		<hr/> 6,195,744

Stock options*Authorized:*

3,149,380 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
\$0.12	December 7, 2020	200,000
\$0.30	July 6, 2021	100,000
\$0.55	January 27, 2022	1,275,000
\$0.77	February 7, 2022	100,000
\$0.75	April 7, 2022	100,000
		<hr/> 2,925,000