

# **ALTAIR RESOURCES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017**

This discussion and analysis of financial position and results of operation is prepared as at November 28, 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended September 30, 2017 of Altair Resources Inc. (the "Company" or "Altair"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

### **Forward-Looking Statements**

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **Company Overview**

The Company was incorporated on November 17, 2005 under the provisions of the Company Act (British Columbia). On February 2, 2016 the Company changed its name from Altair Gold Inc. to Altair Resources Inc. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange ("TSXV") as a Tier 2 issuer, under the symbol "AVX" and on the Frankfurt Exchange under the symbol "90A". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company is a junior mineral exploration company currently engaged in the acquisition, exploration and development of mineral resource properties. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties.

## **Officers and Directors**

On November 7, 2017 Company held its annual general meeting of shareholders at which Mr. Harold Roy Shipes, Dr. Aylin Cecen Aksu, Mr. Bruce Reid and Mr. Jeffrey Steiner were re-elected as directors for the ensuing year.

Following the shareholders meeting, Mr. Shipes was appointed as Chairman and Chief Executive Officer of the Company and Mr. Nick DeMare as interim Chief Financial Officer and Corporate Secretary. Mr. Shipes, Dr. Aksu and Mr. Steiner were appointed to the audit committee and compensation committee.

## **Property Update**

### ***Pioche Project, Nevada***

#### *Agreements*

The Company has entered into numerous agreements under which it has acquired or will acquire a significant position in mineral leases, plant facilities and former operating mines in the Pioche, Caselton and Comet Mining Districts of Lincoln County, Nevada (the "Pioche Project"). The agreements comprising the Pioche Project are as follows:

- (a) On April 4, 2017, as amended, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") to acquire the assets comprising the Pan American Zinc Mine and the Caselton Concentrator located in the Comet and Caselton Mining Districts of Lincoln County near Pioche, Nevada, USA. The Company has agreed to an amended purchase price of US \$1,425,000, of which US \$165,000 was paid as at September 30, 2017. The balance owing is payable in staged payments with a payment of US \$60,000 due on December 1, 2017 and, thereafter, the remaining balance of \$1,200,000 to be paid in quarterly installments of \$100,000 beginning January 1, 2018 and bearing simple interest at 5% per annum until paid in full.

The Company has agreed to assign a mortgage over the assets as security over the remaining balance. In the event payments are not made when they are due, and such default is not cured, the Asset Purchase Agreement may be terminated by the vendor and the Company will transfer the assets back to the vendor.

Closing of the Asset Purchase Agreement is scheduled to occur upon finalization of all documentation for the transfer.

- (b) On May 15, 2017 the Company entered into an assignment and assumption agreement (the "Prince Assignment") of the lease and option to purchase agreement (the "Prince Option") over the Prince Mine, located in Pioche Mining District, Lincoln County, Nevada, USA. The Prince Option, dated November 6, 2010, was originally held by International Silver Inc. ("ISI"), a private Arizona corporation and Prince Mine LLC ("Prince"), a private Nevada corporation. Under the Prince Option, ISI leased the Prince Mine at a cost of US \$50,000 per year with an option to purchase the mine for US \$2,750,000 (with previous lease payments being applied to the purchase price). Under the terms of the Prince Assignment: (i) the Prince Option will be assigned to the Company; (ii) the Company will pay Prince US \$200,000 (US \$150,000 paid as at September 30, 2017), representing unpaid lease payments, by November 2017 and complete reclamation work, estimated at US \$20,000; and (iii) the Prince Option will be extended to November 1, 2022. Once assigned, the Prince Option will continue in effect with annual lease payments of US \$50,000 with an option to purchase the Prince Mine at any time for US \$2,750,000, less previous lease payments.

The Prince Mine is comprised of 12 patented lode claims.

Mr. Shipes, the Company's President and CEO, is a director, officer and shareholder of ISI.

- (c) On June 15, 2017 the Company signed an agreement to purchase five mining claims in Comet Mining District in Lincoln County, Nevada, USA, for a purchase price of US \$50,000 which was paid on June 21, 2017.

- (d) On August 12, 2017 the Company entered into an asset purchase agreement (the “Atlas Asset Purchase Agreement”) with Atlas Precious Metals Inc. (“Atlas”) to acquire the assets comprising a solvent extraction plant (the “S/X Plant”). Pursuant to the terms of the Atlas Asset Purchase Agreement the Company has agreed to acquire the S/X Plant in consideration for the Company making payments of: (i) US \$150,000 cash (US \$80,000 paid as at September 30, 2017), and (ii) US \$270,000 payable by issuance of the Company’s common shares (the “Consideration Shares”) at a deemed value of \$0.40 per Consideration Share.

Closing of the Atlas Asset Purchase Agreement is subject to the approval of the TSXV.

Mr. Shipes, the Company’s President and CEO, is a director, officer and shareholder of Atlas.

#### *Property Location and Access*

The Prince Option claims are located near the small town of Pioche, the county seat of Lincoln County, Nevada U.S.A. State highway 93 serves Pioche. The Prince Mine is about two miles southwest of the town and the Caselton Concentrator is about one and one half miles north-northwest of the Prince Mine. Both are accessed by paved state road 320 which connects to highway 93. The Pan American Mine is twelve air miles west of Caselton and is accessible by sixteen miles of graded county road, the Pan American Road.

#### *History*

Silver was discovered on the eastern slope of the Pioche Mountains in 1869 and exploited for high grade, bonanza silver ore until the 1930’s when the known fissures were fundamentally depleted. This ore occurred in brecciated fissure veins hosted in the Cambrian age Prospect Mountain Quartzite. This type of ore was found near the town of Pioche mostly in the Treasure Hill area. The veins ranged in thickness from one to four feet, with swells up to ten feet, but the three most productive extended for several thousand feet in strike and to a depth of 1200 feet. The silver ore was mostly oxidized and contained lead as cerussite, some galena, with silver chloride and argentite. Supergene processes apparently removed the zinc from the non-reactive siliceous rock which was likely present in the original sulfides.

Just to the west of the bonanza silver vein area and extending from it into exposures of stratigraphically higher limestones and shales, bedded replacement lead/zinc/silver ore was discovered. The lower part of the Combined Metals Member of the Pioche Shale has been the most productive sequence for non-oxidized sulfide replacements. This unit is the first of the beds enclosed in shales directly above the Cambrian age, Prospect Mountain Quartzite. An east-west structural zone termed the Caselton Channel was found to host replacement mineralization for a strike of over 10,000 feet. The ore zone ranged in thickness from 4 to 40 feet, averaged six feet and had a width of 100 to 1800 feet. The grade of the 3.2 million tons of sulfide ore mined between 1924 and 1959 averaged 4.8 ounces of silver, 0.044 ounces per ton gold, 4.5% lead and 12% zinc. The ore consisted primarily of sphalerite, galena and pyrite in a gangue of manganiferous siderite and minor quartz. Oxidized replacements exist above the sulfide zone but were only partially mined mostly due to smelting issues.

#### *Geology*

The Pioche Mining District encompasses roughly the northern half of the Pioche Hills but extends into the Highland Range to the west. The Pioche Hills are a relatively minor mountain range that follows a northwest trend between Meadow and Lake Valleys. This trend is in marked contrast to the ranges both east and west which align themselves north-south. The Pioche Hills are largely composed of Cambrian sedimentary rocks but these are obscured on the southeast flank where overlain by Tertiary volcanic flow rocks. The mineralized area is entirely within Paleozoic sediments. The principal formations in ascending order are the Prospect Mountain Quartzite, Pioche Shale, Lyndon Limestone, Chisholm Shale and Highland Peak Limestone.

The structural setting of the Pioche Hills has been interpreted mostly in terms of regional thrust faulting. The exposed Paleozoic sedimentary rocks were apparently overridden by a regional thrust plate. This plate termed the Highland thrust consists of a stacked sequence of Upper Cambrian sediments similar to the lower plate but may include some Tertiary volcanic rocks as well. The Highland Peak Formation and a stratigraphic section down to the lower part of the Lyndon Limestone were displaced eastward along the thrust structures. Some flat thrust faults tend to follow shale beds and cut out thicknesses of rock units with little obvious physical expression.

All of the principal mines in the District were underground mines which were developed on the very large sulfide replacement “channels” or structural zones containing silver, zinc, lead, gold and manganese in sedimentary replacements with commercial ore grades, but with varying grade in each channel. The three principle and most significant channels are the Caselton or Combined Metals Channel, the Prince Channel and the Pan American Channel. These zones of limestone replacement are known to extend for several miles in length and range from 100 feet to as much as 1,800 feet wide with individual bedded replacements up to 90 feet thick. Typically, they historically graded 2.3 ounces of silver and 0.02 ounces of gold per ton, 2.5% lead, 3.5% zinc and 12% manganese dioxide.

While the initial operations of both Prince and Pan American both focused on sulfide replacement ore bodies in limestone with much higher grades, massive oxidized mineralization is believed to remain which has only been minimally mined. The oxidized mineralization now consists of a black earthy mixture of manganese iron oxides with lead carbonate, zinc carbonate, native silver and gold. As technology has advanced, significant opportunity remains in using the very low cost acid leaching of oxidized zinc, followed by solvent extraction and electro-winning to produce special high grade zinc cathode which can be sold at a premium. In the solvent extraction process, sulfuric acid is regenerated for re-use which minimizes costs of operation. These methods of processing oxide ores will be evaluated in conjunction with our exploration activities in the district.

#### *Assets Acquired*

- (a) The Pan American mine is a fully developed room-and-pillar mine previously and lastly operated by Bunker Hill Mining (“Bunker Hill”) at a rate of 1,500 tons per day. Output from the mine was processed in the Caselton concentrator, 16 miles from the mine, averaging 2.7% zinc, 1.8% lead, 1.6 ounces of silver per ton and 8.6% manganese (Bunker Hill Annual Reports). Bunker Hill records indicate a historical resource of 1.7 million tons, of which 732,000 tons were developed for mining. Workings are currently flooded. Permitting of mine dewatering and mine planning with a view to permitting restart of mining will commence immediately. **The reader is cautioned that there are no current reserves or resources on the property compliant with National Instrument 43-101.** Dewatering and resampling of the mine mineralization and broken rock will be required to establish a resource and there can be no assurance that when established that such resource will be economically recoverable. This historic estimate was prepared by Bunker Hill and was completed in 1978/1979, and there was limited activity after the preparation of this historic estimate. There has not been a preliminary economic evaluation or feasibility conducted on the project and a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and the Company is not treating the historical estimate as current mineral resources or mineral reserves.
- (b) The Caselton concentrator facility, initially constructed in 1944 to process mineralized materials from the Combined Metals Reduction Company Caselton #2 Mine, was refurbished in 1966 to process mineralized material from the Pan American mine, and was again refurbished in 1976. It operated for only two years prior to closure in 1978, and has been held on a care and maintenance status since that time. The Caselton concentrator requires only minor refurbishments and capital investment and rehabilitation and permitting activities have begun. The Company has the objective of bringing the Caselton concentrator back into production in 2018 to initially process sulfide mineralized material already developed within the Pan American mine. The plant hosts a three-stage mill for the flotation of zinc and lead/silver concentrates. It includes two-stage closed circuit crushing, three grinding mills with closed circuit classification and three circuit flotation to produce both zinc and lead/silver concentrates (including thickening and filtration). The mill has all required infrastructure for operations, including electric power, water, warehouses and shops. It was last operated in 1979 by Bunker Hill with an average throughput of 1,500 tpd. The mill has a nominal capacity of 2,000 tpd. Design and permitting of a new tailings dam will also begin immediately.
- (c) In May 2017 the initial land position held under the Prince Option consists of twelve patented lode mining claims held in fee simple title by Prince Mine LLC. These claims comprise 227 acres of surface and mineral rights. When the purchase rights are exercised the property title will transfer to the Company without a retained royalty. Subsequent to the exercise of the lease, the Company acquired an additional 740 acres in 37 lode mining claims on BLM managed lands next to the patented leased land.

The Prince Mine is an underground mine last operated in 1949. The main shaft is 850 feet deep and has several levels of drifts extending outward. It is located only 1.5 miles from the Caselton Concentrator.

The geology of the Prince Mine is characterized by substantial faulting and displacement of the silver - lead - zinc - gold carbonate replacement type of mineralization. The Prince member of the Lyndon formation has been uplifted along a northwest trending mineralized structure bringing a large block of oxidized mineralization very near the surface, to within ten feet in some areas. Sampling and analysis conducted by ISI indicates that this mineralizing structure likely continues past all known workings in the mine and past any drilling, and most likely intersects the Caselton Channel, 6000 feet to the North. Replacement of carbonate beds in the mine has been observed to occur over a vertical range of +800 feet and to extend down dip for +500 feet of width. The replacement and disseminated mineralization in this structural zone ranges from 40 feet to 250 feet thick in stacked, bedded replacements. The replacements are generally flat lying with a maximum dip of about 30 degrees.

Drilling completed in 2012 has confirmed continuity of mineralization and identified an exploration target of potentially open pit mineralization with a potential size of 5-18 million tonnes which may contain 4-5,00,000 tons grading 0.015-0.018 opt gold, 2.5-3.0 opt silver, 2.5-3% lead and 2.5-3% zinc, 6-8% manganese. Along strike to the north, a deeper, potentially underground exploration target is estimated to contain 4.5-5 million tonnes of similar grade to that discussed above.

The Company anticipates that any Prince Mine mineralization may be treated at the Caselton Concentrator.

- (d) The S/X Plant is comprised of nine mixer/settler combinations. The S/X Plant was originally acquired by Atlas in 2008 for use at the Pan American Mine; however, due to financial problems faced by Atlas's development partner, development of the project was not completed and the S/X Plant has been in storage since 2008. The S/X Plant was offered to the Company at the time the Company acquired the Pan American Mine and Caselton mill.

The S/X Plant will be used to modify the Company's zinc and lead/silver flotation circuits at Caselton to treat tails produced from flotation containing manganese carbonate by adding an additional agitated acid leach circuit to recover manganese. Following leaching, the clarified soluble manganese sulfate solutions will pass to the S/X Plant for upgrading and purification and then to electro-winning to produce electro-manganese dioxide.

On October 23, 2017 the Company announced that it has engaged the firm, Environmental Engineering Consultants ("EEC"), to perform the permitting services required by the Company's wholly owned subsidiary, Altair Mining Inc., for its Pan American zinc, lead and silver mine and Caselton concentrator located in the Comet and Pioche Mining Districts of Lincoln County, Nevada, USA.

EEC has identified 21 permits that will be required by the operations and estimates that permitting will require approximately 12 months to completion. EEC will focus initially on the longest lead time permits and will begin immediately.

While permitting activities are ongoing, the Company is focusing its efforts on rehabilitating/construction activities of its processing plants with completion timing to coincide with the granting of its operating permits.

The mining and processing rates are designed to mine and treat 1,750 tons of ore per day grading 2.7% zinc, 1.4% lead and 1.4 ounces of silver per day, in line with previous operations. The project will produce two concentrates, one zinc and the other lead and silver.

### ***Cerpulje Project, Republic of Kosovo***

In September 2015 the Company signed a binding option agreement, as amended (collectively the "Cerpulje Agreement"), to acquire a 90% interest in the common shares of A.G.J.A. SH.P.K. ("AGJA"), a private company registered in the Republic of Kosovo. AGJA held an exploration license of 9.82 square kilometers, now known as the "Cerpulje Project", in the Republic of Kosovo. During February 2017 the Company completed the acquisition of AGJA whereby it paid a total of US \$300,000.

On May 16, 2016 the Company filed a NI 43-101 technical report entitled "Technical Report for the Cerpulja (sic) Property, Mitrovica District, Kosovo" (the "Technical Report") dated December 15, 2015 with an effective date of

November 15, 2015 prepared by Perry Grunenberg, P. Geo. of PBG Geoscience, Kamloops, BC. The Technical Report may be viewed under Altair's profile on [www.sedar.com](http://www.sedar.com).

During May and June, 2016 a field program was undertaken on the Cerpulje Project. Three existing trenches were re-exposed and were also extended, and five new trenches were completed. Limited prospecting was also undertaken. The results of this work not only confirmed the high lead and zinc values reported during previous work but also discovered high grade mineralization in four new areas. These new discoveries extended the zone of good grade lead zinc mineralization, which has been trenched, by approximately an additional 300 meters to over 450 meters.

Eighteen samples were collected from the trenches and one surface grab sample was collected from a surface exposure.

Five new trenches were completed; trench numbers eight through twelve. In addition, one sample (#19) was collected from a newly discovered outcrop. Results from these new trenches and newly discovered outcrop are presented in the following table:

Trench No.	Trench Length (m)	Sample No.	From (m)	To (m)	Int (m)	Zn (%)	Pb (%)
8	15.0	14	3.1	5.2	2.1	35.80	2.77
		15	5.2	7.7	2.5	37.02	1.75
9	14.0	No mineralization encountered					
10	12.5	18	1.7	3.4	1.7	36.57	3.95
11	20.5	6	0.0	6.4	6.4	1.69	0.43
		5	6.4	7.3	0.9	41.39	2.27
		4	13.5	15.0	1.5	34.79	3.66
12	17.7	3	11.0	11.8	0.8	28.90	5.21
		2	13.0	14.6	1.6	1.09	1.53
		1	15.6	16.5	0.9	4.53	2.13
Outcrop	-	19	-	-	-	38.28	1.80

Portions of trenches 1, 2 and 3, which were originally excavated in 1974, were re-opened, deepened and widened. Nine samples were collected during this summer's program. The results of these samples are presented in the following table:

Trench No.	Trench Length (m)	Sample No.	From (m)	To (m)	Int (m)	Zn (%)	Pb (%)
1/1	30.0	7	9.2	13.8	4.6	27.90	2.30
		8	13.8	17.9	4.1	0.63	0.22
		9	17.9	20.7	2.8	34.74	3.36
		10	20.7	22.2	1.5	19.70	1.96
2/1	41.3	11	10.0	12.9	2.9	37.98	4.78
		12	12.9	15.8	2.9	14.30	1.97
		13	15.8	18.8	3.0	29.92	3.24
3/1	20.5	16	7.0	9.5	2.5	32.06	4.02
		17	9.5	14.5	5.0	20.60	2.30

The samples collected during this program were submitted to the ALS Laboratory in Bor, Serbia where they were initially crushed and pulverized prior to a split being analyzed. The samples were initially analyzed for 33 elements using the ME-ICP61 technique. Where the samples exceeded the upper limit of 1% for zinc and/or lead they were then analyzed using the Zn-OG62 and Pb-OG62 techniques respectively. A number of samples exceeded the 30% zinc upper limit and were then analyzed using the Zn-AAORE technique.

The Company commenced a gravity surveying program in mid-February 2017 to check not only the above described target area but also on a broader scale for the possibility of a large target within this belt of limestones and schists that host numerous rich surface showings and some historical underground workings. The surface target zone on the property extends over 5 kilometers in length and 200-300 meters in width.

In early 2017 the Company acquired an additional mining license that doubled the land position on the Cerpulje Project. This license extends the property to the south from the original holdings. The gravity survey program was expanded to cover the new holding which is underlain by the same geological units that contain numerous surface showings and drill intersections of mineralization on the original property holding. The Company subsequently acquired a third mining license expanding the land position on the Cerpulje Project. The third license extends the property to the west and north from the original two holdings. A recently completed gravity survey encountered anomalies extending onto this additional land which is underlain by the same geological units as the original property holding.

In April 2017 the Company commenced a diamond drilling program on the Cerpulje Project, to test for extensions of high-grade zinc-lead-silver mineralization encountered in previous trenching and drilling of the original mineralization. Drilling also targeted three gravity anomalies outlined by a gravity survey completed over the target area by SJ Geophysics of Vancouver, Canada.

On May 31, 2017, as restated on June 9, 2017, the Company reported the results of drill hole CRP 008. Hole Number CRP 008 intersected two zones of oxidized zinc mineralization that extends to depth a zone of mineralization previously known from surface trenching. As shown in the table below, the uppermost zone begins at surface extending to 9.8 meters in depth averaging 10.11% zinc, and 0.46% lead. A second interval of 8.5 meters in length extends from 32.5 meters to 41 meters averaging 28.88% zinc and 1.53% lead. Both intervals contain higher-grade internal zones as shown in the table. This hole substantially increases the zinc potential for the project as it extends downward the oxidized zinc mineralization sampled in Trench No. 2-1a. As reported in the Technical Report, this trench showed 4 meters grading 25.6% zinc, 1.56% lead, and 11 meters grading 20.1% zinc and 1.83% lead.

Of the 15 assays included in computing these intervals, zinc grades for five of the samples exceeded 30%. Additional re-assaying is in progress to ascertain the zinc assay levels above 30%, to be reported later. All intervals are core length, as the true thickness of the zones cannot be established as the attitude of the mineralization is not known.

Hole Number CRP 009, drilled to intersect another nearby zone projected to greater depth within this belt of karsted limestone terrane, did not return significant values.

***Assay values for zinc and lead CRP 008  
Cerpulje Project, Mitrovica District , Kosovo.***

<i>Drill Hole</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Pb (%)</i>	<i>Zn (%)</i>
CRP 008	0.00	9.80	9.80	0.46	10.11
<i>including</i>	2.00	7.80	5.80	1.27	14.56
CRP 008	32.50	41.00	8.50	1.53	28.88
<i>Including</i>	33.50	39.75	6.25	2.09	29.45

During June 2017 the Company conducted additional drilling on the project to evaluate gravity anomalies encountered in a gravity survey encompassing the carbonate belt and the surrounding complex stratigraphy. On July 21, 2017 the Company announced that diamond drill holes CRP 010, and CRP 011 on gravity anomaly 1 returned only geochemically anomalous values of lead, zinc, antimony, barite, manganese, arsenic, and scandium. On August 14, 2017 the Company announced that holes CRP 012, CRP 013, and CRP 014, on gravity anomalies 2 and 3, did not return significant values. All three holes penetrated a sequence of predominantly schists and marly limestones. The area drill tested in 2017 returned good zinc values on only the first hole, however the Company holds over 44 square kilometres of exploration licenses and has only drill tested a small portion of the property.

During August 2017 the Company received an assay of 26.2% zinc, and 6.37% lead from a new high grade zinc-lead occurrence uncovered while doing geological mapping to the south of the limestone zinc area on its Cerpulje Project. The mineralization is similar to that in the initial trenches in the limestones, but occurs within a congl-breccia over an area 10m x 10m. The conglomerate breccia lies adjacent to the limestone belt, and overlies the carbonate. The material occurs as a surface zone with poor exposure, with the assayed material classed as a grab sample. The target area warrants deep surface trenching to investigate the nature of the occurrence.

All sampling was conducted under the guidance of Selim Berisha, MSc, the Company's technical director and chief geologist, and supervised by Dr. Stewart A. Jackson, PGeo, QP, technical advisor to the Company. Assaying was conducted by ALS Laboratory Services, Bor, Serbia. Internal standards and blanks are routinely inserted by the Company for quality control of laboratory results.

The current drill program has been completed. Due to the Company's current focus on advancing the Pioche Project the Company has determined not to conduct the Phase 2 drilling program (to identify deeper sulphide mineralization) in calendar 2017. The Company will maintain the exploration licenses.

During the quarter annual reports for maintenance of the exploration licenses have been prepared and filed by the Kosovo management and exploration team.

### ***Quebec Lithium Properties Canada***

During fiscal 2017 the Company acquired five lithium resource properties located in the Abitibi area of the province of Quebec. The Company is considering alternatives for management of the lithium properties and may either joint venture or dispose of the properties.

#### ***White Hills Property, La Motte Township, Quebec***

The White Hills Property is in the Abitibi area of Quebec Province in the NTS sheet 32D08. Road 109 crosses the White Hills Property in a North-South direction allowing easy access to the center of the claim package. The White Hills Property is made of one block of 77 claims totaling approximately 4,000 hectares or 40 km<sup>2</sup>.

The accessibility of large outcropping rocks along main and secondary roads and the lithium potential of the area warrant an extensive sampling survey that will aim at discovering lithium mineralization inside of the La Motte Batholith. There are no known reserves or resources on the White Hills Property and exploration work will be needed to test for the presence of lithium on the property.

#### ***Kino Property, Malartic Township, Quebec***

The Kino Property is in the Abitibi area of Quebec Province in the NTS sheet 32D08. Secondary roads allow access to the Kino Property, via road 395. The Kino Property is made of one block of 40 claims totalling approximately 2,139 hectares or 21.39 km<sup>2</sup>.

There are no known mineral reserves or resources on the Kino Property. Exploration will be necessary to establish whether lithium mineralization is present. The accessibility of large outcropping rocks along main and secondary roads and the lithium potential of the area warrant an extensive sampling survey that will aim at discovering lithium mineralization inside of the La Motte Batholith.

#### ***Mathers Property, Malartic Township, Quebec***

The Mathers Property is in the Abitibi area of Quebec Province in the NTS sheets 31M10, 31M15 and 31M16. Secondary roads allow access to almost everywhere on the Mathers Property. It consists of one claim block, totalling 213 claims, over approximately 12,250 hectares or 122.5km<sup>2</sup>.

There are no known mineral resources or reserves on the Mathers Property. Exploration is required to test for the presence of lithium on the property. The presence of beryl showings and lithium mineralization in the vicinity of the Mathers Property indicate a potential for discovery of complex pegmatite and its associated lithium mineralization on the Mathers Property. Pegmatite veins were also found out even if the historical exploration was limited. Geochemical anomalies in beryllium, lithium, rubidium, tantalum and niobium were present in some samples, indicating possibilities of presence of complex pegmatites.

*Tilia Property, La Motte Township, Quebec*

The Tilia Property located in the Abitibi area of Quebec Province in the NTS sheet 32C05, comprises one block of 38 claims, totalling approximately 2091.85 hectares or 20.9 km<sup>2</sup>. Secondary roads allow access to the boundaries and the center of the Tilia Property.

There are no known reserves or resources on the Tilia Property. Exploration will be required to determine whether lithium is present on the property. The presence of beryl showings and lithium mineralization in the vicinity of the Tilia Property indicate a potential of discovery of complex pegmatite and its associated lithium mineralization on the Tilia Property. The lithium-rich pegmatites are usually located close-by to their parent granitic bodies.

*Virium Property, La Motte Township, Quebec*

The Virium Property is made up of two claim blocks in close proximity which are located 23km southeast of the municipality of Amos. There are a total of 40 staked claims with a combined area of 1,360 hectares.

There are no known resources or reserves on the Virium Property. Exploration is required to determine if lithium may be present on the property. Pegmatite dykes bearing spodumene or beryl mineralization are the main exploration target on the claims. The pegmatites can contain zoning and can be of substantial dimensions with lengths and widths ranging up to hundreds of meters. In addition to the lithium-bearing spodumene economic minerals can include beryl (Be), lepidolite (Li, Rb), colombo-tantalite (Nb, Ta) and cassiterite (Sn).

***Lejin Property, Peru***

On May 24, 2016, the Company signed an agreement (the “Lejin Agreement”) to acquire all of the issued and outstanding common shares of Epic Mining Corp. (“Epic”). Under the terms of the Lejin Agreement the Company has agreed to make cash payments totalling \$50,000 and issue 500,000 common shares of the Company. On October 5, 2016 the Company received TSXV approval and on November 30, 2016 the Company made an initial \$25,000 cash payment, issued 500,000 common shares of the Company and also issued 54,905 common shares as a finder’s fee. On December 31, 2016 the Company completed the purchase by making the final \$25,000 cash payment.

Epic beneficially owns 100% of Panamericana S.A.C. which holds 100% of the rights, title and interest in the Lejin property (the “Lejin Property”) located in Peru.

Through the acquisition, the Company holds 100% of the rights, title and interest in the 900 hectare Lejin Property. A 700 hectare portion of the Lejin Property is surrounded on three sides by HudBay Minerals Inc.’s (“HudBay”) holdings adjacent to their Constancia Mine in the Province of Chumbivilcas in southern Peru. HudBay invested \$1.7 billion in the construction of the Constancia Mine and achieved commercial production in April 2015. The Constancia Mine is an open pit operation with a 22-year life primarily extracting copper with additional molybdenum and silver credits. Limited sampling conducted on the Lejin Property has detected alteration suggesting the potential for copper mineralization.

There are no known mineral resources or reserves on the Lejin Property. Exploration will be required to see if economic mineralization may be present on the property. The Company will consider an exploration program to test the Lejin Property.

**Qualified Person**

The Qualified Person for the Company’s projects, Dr. Stewart A Jackson, PGeo., the Geological Technical Advisor to the Company, has reviewed and approved the technical information in this MD&A.

## Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2018		Fiscal 2017				Fiscal 2016	
	Sept. 30 2017 \$	Jun. 30 2017 \$	Mar. 31 2017 \$	Dec. 31 2016 \$	Sept. 30 2016 \$	Jun. 30 2016 \$	Mar. 31 2016 \$	Dec. 31 2015 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(413,622)	(990,402)	(615,357)	(261,851)	(458,342)	(340,286)	(41,444)	(536,731)
Other items	4,222	(2,154)	2,264	3,179	(740)	(153)	11,126	(14,170)
Net (loss) income and comprehensive (loss) income	(409,400)	(992,556)	(613,093)	(258,672)	(459,082)	(340,439)	(30,318)	(550,901)
(Loss) income per share - basic and diluted	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.00)	(0.03)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital (deficiency)	942,233	1,712,248	(171,722)	(218,388)	(212,303)	(419,257)	(117,340)	(83,896)
Total assets	4,607,542	5,032,725	2,627,954	2,072,295	1,578,782	1,238,347	46,070	298,221
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended September 30, 2017 Compared to Three Months Ended June 30, 2017*

During the three months ended September 30, 2017 (“Q2”) the Company reported a net loss of \$409,400, compared to a net loss of \$992,556 for the prior three months ended June 30, 2017 (“Q1”), a decrease in loss of \$583,156. The decrease in loss is mainly attributed to the recognition of \$503,032 in share-based compensation in Q1 - no share options were granted in Q2. Other expense items of note are as follows:

- (i) during Q2 the Company incurred \$59,000 (Q1 - \$63,000) for director and officer compensation for services provided by former and current officers of the Company. See “Transactions with Related Parties Disclosure”;
- (ii) personnel expenses decreased by \$61,921 from \$87,435 in Q1 to \$25,514 in Q2. The decrease was due to the completion of the drill program on the Cerpulje Project in Q1 leading to a reduction in office and support personnel in Kosovo;
- (iii) a \$15,009 decrease in legal costs. During Q1 the Company incurred legal costs relating to preparing and reviewing numerous mineral property purchase agreements and general corporate work of the USA subsidiary. During Q2 legal costs were incurred for correspondence, revisions of filings with the TSXV on numerous property submissions and property titles work;
- (iv) during Q1 the Company incurred \$17,500 for interim billings of audit fees for the Company’s year-end financial statements. The remaining balance of \$3,410 was billed in Q2;
- (v) during Q1 the Company incurred \$97,763 for travel and related costs for various trips to review the Cerpulje Project, finalize negotiations of the various property acquisitions and attend the PDAC conference in Toronto. In Q2 the Company incurred \$75,451 for trips by senior management and financial advisors to identify potential investor groups and trips to review the Pioche Project; and
- (vi) a \$79,282 increase in due diligence expenses. During Q1 the Company incurred due diligence costs of \$42,331 compared to \$121,613 in Q2 relating to review of prospective properties and general project generation activities.

### *Six Months Ended September 30, 2017 Compared to Six Months Ended September 30, 2016*

During the six months ended September 30, 2017 (the “2017 period”) the Company reported a net loss of \$1,401,956 compared to a net loss of \$799,521 for the six months ended September 30, 2016 (the “2016 period”), an increase in loss of \$602,435. Specific expenses of note are as follows:

- (i) during the 2017 period the Company incurred \$122,000 (2016 - \$90,000) for director and officer compensation for services provided by the former and current officers of the Company. See “Transactions with Related Parties Disclosure”;
- (ii) a \$109,024 increase in personnel expenses. During the 2017 period the Company incurred \$112,949 (2016 - \$3,925) for staffing for maintenance and refurbishment of the concentrator mill and the drill program on the Cerpulje Project;
- (iii) an increase of \$120,302 in share-based compensation expense. During the 2017 period the Company recorded compensation expense of \$503,032 (2016 - \$382,730) on the granting and vesting of share options;
- (iv) during the 2017 period the Company incurred a total of \$42,500 (2016 - \$35,000) with Chase Management Ltd. (“Chase”), a private company owned by the CFO of the Company for accounting and administrative services provided by Chase personnel, excluding the CFO. In addition, during the 2017 period the Company was billed \$8,060 (2016 - \$nil) for accounting services provided by a third party accounting firm for ongoing accounting for its subsidiaries;
- (v) during the 2017 period the Company incurred \$163,944 due diligence expenses relating to prospective properties. During the 2016 period the Company did not incur any due diligence costs;
- (vi) during the 2017 period the Company incurred \$20,910 (2016 - \$12,840) for audit fees for the Company’s year-end financial statements, reflecting the increased scope required for the audit of the fiscal 2017 year-end financial statements compared to fiscal 2016;
- (vii) during the 2017 period the Company was billed \$39,167 (2016 - \$34,749) by various parties for consulting services;
- (viii) on June 2, 2016 the Company entered into an investor relations agreement with Value Relations GmbH (“Value Relations”) for a term of twelve months, commencing July 1, 2016. During the 2017 period the Company paid \$9,000 (2016 - \$5,400) to Value Relations;
- (ix) during the 2017 period the Company incurred \$173,214 (2016 - \$33,635) for travel and related costs for numerous trips by senior Company management and advisors to Europe, North America and South America to review and negotiate prospective properties, identify business and financing opportunities. In addition, the Company’s officers attended the Toronto PDAC event held in March 2017;
- (x) during the 2017 period the Company incurred \$19,343 (2016 - \$53,577) in corporate development. During the 2016 period the Company participation in several campaigns;
- (xi) during the 2017 period the Company recorded \$81,653 (2016 - \$95,287) for legal fees incurred preparing and reviewing numerous mineral property purchase agreements; and
- (xii) a \$8,353 decrease in regulatory and transfer agent fees, from \$20,693 during the 2016 period to \$12,340 during the 2017 period reflecting the additional regulatory fees and transfer agent fees incurred during the 2016 period relating to the corporate name change and numerous filings and share issuances.

### *Exploration and Evaluation Assets*

	Pioche Project \$	Cerpulje Project \$	Quebec Lithium Properties \$	Lejin Property \$	Total \$
<b>Balance at March 31, 2016</b>	-	-	-	-	-
<b>Exploration costs</b>					
Assay	-	1,245	-	-	1,245
Consulting	-	20,433	-	-	20,433
Drilling advance	-	21,590	-	-	21,590
Field supplies	-	4,712	-	-	4,712
Geophysics	-	107,558	-	-	107,558
Trenching	-	5,800	-	-	5,800
	-	161,338	-	-	161,338
<b>Acquisition costs</b>					
Cash payments	80,328	390,576	90,000	50,000	610,904
Common share issuances	-	-	1,226,000	92,500	1,318,500
Finders’ fees	-	19,557	122,599	10,157	152,313
Concession payments	-	-	-	10,460	10,460
	80,328	410,133	1,438,599	163,117	2,092,177

	Pioche Project \$	Cerpulje Project \$	Quebec Lithium Properties \$	Lejin Property \$	Total \$
<b>Balance at March 31, 2017</b>	80,328	571,471	1,438,599	163,117	2,253,515
<b>Exploration costs</b>					
Assay	-	25,698	-	-	25,698
Consulting	83,834	29,600	-	-	113,434
Drilling	-	123,719	-	-	123,719
Field supplies	-	2,623	-	-	2,623
Geological	-	109,284	-	-	109,284
Miscellaneous	-	5,982	-	-	5,982
Travel	-	514	-	-	514
	<u>83,834</u>	<u>297,420</u>	<u>-</u>	<u>-</u>	<u>381,254</u>
<b>Acquisition costs</b>					
Cash payments	574,427	-	-	-	574,427
Concession payments	41,700	10,166	-	11,022	62,888
	<u>616,127</u>	<u>10,166</u>	<u>-</u>	<u>11,022</u>	<u>637,315</u>
<b>Balance at September 30, 2017</b>	<u>780,289</u>	<u>879,057</u>	<u>1,438,599</u>	<u>174,139</u>	<u>3,272,084</u>

During the 2017 period the Company incurred a total of \$1,018,569 on the acquisition, exploration and evaluation of its unproven resource assets, of which \$637,315 was incurred for the acquisition costs and concession payments of the Company's numerous properties, \$83,834 was incurred for consulting fees on the Pioche Project, and \$297,420 was incurred for the drilling program conducted on the Cerpulje Project. Details of the properties acquired and exploration activities conducted during the 2017 period are described in "Property Update".

### **Financings**

During the 2017 period the Company completed a non-brokered private placement totalling 17,500,000 units for \$3,500,000. Proceeds are being used for working capital, exploration and development activities and asset acquisitions.

During the 2016 period the Company completed a non-brokered private placement of 1,360,000 units, at a price of \$0.20 per unit for gross proceeds of \$272,000. In addition, the Company issued a total of 3,770,000 common shares of the Company on the exercise of warrants and share options for total proceeds of \$263,900. Proceeds were applied to the Company's general working capital and new acquisitions.

### **Financial Condition / Capital Resources**

As at September 30, 2017 the Company had working capital of \$942,233 and an accumulated deficit of \$14,513,922. To date the Company has not earned any revenues and is considered to be in the exploration stage. The Company will be required to raise additional capital in order to complete the numerous acquisition agreements entered into. See "Property Update". The Company's operations have been primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. If the Company is unable to obtain adequate additional financing the Company will be required to curtail operations, exploration and development activities.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Proposed Transactions**

The Company has no proposed transactions.

## Critical Accounting Estimates

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

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the March 31, 2017 and 2016 annual consolidated financial statements.

## Changes in Accounting Policies

There are no changes in accounting policies.

## Transactions with Related Parties

Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### (a) *Transactions with Key Management Personnel*

- (i) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers

During the 2017 and 2016 periods the following compensations were incurred:

	2017 \$	2016 \$
Mr. Roy Shipes <sup>(1)</sup>	72,000	-
Mr. Robert Naso <sup>(2)</sup>	20,000	40,000
Mr. Robert Naso - living allowance	4,469	2,625
Mr. Zahir Dhanani <sup>(3)</sup>	-	5,000
Mr. John Huguet <sup>(4)</sup>	-	25,000
Mr. Nick DeMare <sup>(5)</sup>	30,000	20,000
Mr. Shipes - share-based compensation	149,874	-
Mr. DeMare - share-based compensation	116,915	-
Mr. Jeffrey Steiner - share-based compensation <sup>(6)</sup>	5,747	-
	<u>399,005</u>	<u>92,625</u>

(1) Compensation as President and CEO (appointed February 2017)

(2) Compensation as President, CEO and CFO (resigned as CEO, October 2016 and CFO, June 2017). Mr. Naso was not nominated for re-election as a director at the Company's AGM on November 7, 2017.

(3) Compensation as former CEO (resigned February 9, 2016)

(4) Compensation as former CEO and Chairman (to February 2017)

(5) Compensation as Corporate Secretary

(6) Mr. Steiner was appointed as a director on May 29, 2017

As at September 30, 2017, \$79,614 (March 31, 2017 - \$224,508) remained unpaid.

- (ii) During fiscal 2017 Mr. Dhanani advanced funds totalling \$374,000 which the Company subsequently repaid \$310,000. During the 2017 period the Company repaid \$50,000. As at September 30, 2017, \$14,000 (March 31, 2017 - \$64,000) remained unpaid.
- (iii) During the 2017 period the Company incurred a total of \$42,500 (2016 - \$35,000) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and

administration services provided by Chase personnel. As at September 30, 2017, \$12,500 (March 31, 2017 - \$8,000) remained unpaid.

- (iv) During the 2017 period the Company completed a non-brokered private placement of 17,500,000 units at \$0.20 per unit for \$3,500,000. Mr. Shipes purchase 350,000 units for \$70,000, a private company owned by Mr. DeMare purchased 150,000 units for \$30,000 and a private company jointly owned by Mr. DeMare purchase 250,000 units for \$50,000.
- (b) During the 2016 period the Company incurred \$17,811 for shared personnel and office administration costs with Arian. The amounts were reimbursed to Arian by Mr. Naso. As at September 30, 2017, \$7,386 (March 31, 2017 - \$7,386) remained outstanding to Mr. Naso.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at November 28, 2017, there were 49,861,501 issued common shares, 36,676,900 warrants outstanding exercisable at prices ranging from \$0.07 to \$1.50 per share and 4,985,000 share options outstanding, at exercise prices ranging from \$0.20 to \$0.40 per share.