MEXICAN GOLD CORP

INTERIM MANAGEMENT DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS

THREE AND NINE MONTHS ENDED MARCH 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following interim Management Discussion & Analysis ("Interim MD&A") of Mexican Gold Corp. (formerly Source Exploration Corp.) ("Mexican Gold" or the "Corporation") for the three and nine months ended March 31, 2017 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended June 30, 2016. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the Corporation's Annual MD&A, audited annual consolidated financial statements for the years ended June 30, 2016 and June 30, 2015, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Corporation's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 24, 2017, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Corporation and its operations can be obtained from the offices of the Corporation or from **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in this Interim MD&A and in certain documents incorporated by reference in this Interim MD&A, constitute forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of (i) this Interim MD&A; or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the 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.

Forward-looking statements	Assumptions	Risk factors
Potential of Corporation's property to contain economic deposits of gold and/or other metals (as described under the headings "Description of Business" and "Operational Highlights Q3 2017").	Financing will be available for future exploration of the Corporation's property; the actual results of Corporation's exploration activities will be favourable; operating, exploration costs will not exceed the Corporation's expectations; the Corporation will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Corporation, and applicable political and economic conditions will be favourable to the Corporation; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to Mexican Gold; no title disputes exist with respect to the Corporation's property.	Gold and/or other metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired property; the possibility that future exploration results will not be consistent with the Corporation's expectations; availability of financing for and actual results of the Corporation's exploration activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Corporation's ability to retain and attract skilled staff; availability of permits.
The Corporation's estimated head office costs for fiscal 2017 and need to raise capital in order to meet its working capital needs (as described under the heading "Liquidity and Financial Position").	The operating and exploration activities of the Corporation on a going forward basis, and the costs associated therewith, will be consistent with the Corporation's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Corporation; availability of financing.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions and planned operations.

Plans, costs, timing and capital for future exploration of the Corporation's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations (as described under the headings "Description of Business" and "Operational Highlights Q3 2017").	Financing will be available for the Corporation's exploration activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Corporation's current expectations; the Corporation will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Mexican Gold; the Corporation will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions will be favourable to the Corporation; the price of gold and/or other applicable metals will be favourable to the Corporation; no title disputes exist with respect to the Corporation's property.	Gold and/or other metals price volatility; changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired property; the possibility that future exploration results will not be consistent with the Corporation's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Corporation's ability to retain and attract skilled staff; receipt of permits.
Management's outlook regarding future trends and potential future acquisitions and financings.	Financing will be available for the Corporation's exploration and operating activities; the price of gold and/or other applicable metals will be favourable tot.	Gold and/or other metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing.
Prices and price volatility for gold and other precious minerals and metals.	The price of gold and other precious minerals and metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of gold and other precious minerals and metals will be favourable.	Changes in debt and equity markets and the spot price of gold and other precious minerals and metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Corporation's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Corporation's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Mexican Gold (formerly Source Exploration Corp.) was incorporated under the Business Corporation's Act (Alberta) on October 5, 2006 and was continued under the Business Corporations Act (Ontario) on January 17, 2011. The Corporation is a Canadian-based junior exploration and development company with exploration projects in Mexico. The principal business of the Corporation is the acquisition, exploration and development of high value mineral properties.

The Corporation's Las Minas project is located in the State of Veracruz, Mexico, approximately 270 kilometres east of Mexico City. The project is comprised of six mineral concessions covering approximately 1,616 hectares in the heart of the historical Las Minas mining district The project is accessible by road and located near a hydro-electric power plant.

Operational Highlights – Q3 2017

Corporate

Private Placements

(i) On November 30, 2016, the Corporation closed the first tranche of a non-brokered private placement of 5,192,500 units of the Corporation (the "Units") at a price of $0.15 per Unit for gross proceeds of $778,875. Each Unit consists of one common share of the Corporation and one common share purchase warrant ("Warrant"). Each Warrant entitled the holder to purchase one common share for a period of twenty-four months from the closing date of the Private Placement (subject to acceleration of the expiry date) at a price of $0.25 per common share.

In connection with the Private Placement, the Corporation paid an aggregate of $42,438 in finder's fees to certain arm's length parties, representing 8% of the proceeds received from subscribers that were introduced by such parties, and issued 270,920 finder's warrants ("Finder's Warrants") on the same terms as the Warrants.

Pursuant to the terms of the Warrants and the Finder's Warrants, the Corporation has the right to accelerate the expiry date of the Warrants and the Finder's Warrants on notice to the holders of the Warrants and the Finder's Warrants, if at any time after March 31, 2017 the closing price of its common shares on a stock exchange in Canada is greater than $0.40 per common share for a period of 10 consecutive trading days, in which case the Warrants and the Finder's Warrants will expire 30 days after the date on which such notice is given. The securities issued under this tranche of the Private Placement are subject to a hold period under applicable Canadian securities laws which will expire on March 31, 2017.

(ii) On February 14, 2017, the Corporation closed the second tranche of a non-brokered private placement of 12,333,333 Units of the Corporation at a price of $0.15 per Unit for gross proceeds of up to $1,850,000. Each Unit consists of one common share of the Corporation and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one common share for a period of twenty-four months from the closing date of the private placement (subject to acceleration of the expiry date) at a price of $0.25 per common share.

In connection with the private placement, the Corporation paid an aggregate of $57,724 in finder's fees to certain arm's length parties, representing 8% of the proceeds received from subscribers that were introduced by such parties, and issued 72,000 Finder’s Warrants on the same terms as the Warrants.

Pursuant to the terms of the Warrants and the Finder's Warrants, the Corporation has the right to accelerate the expiry date of the Warrants and the Finder's Warrants on notice to the holders of the Warrants and the Finder's Warrants, if at any time after July 4, 2017 the closing price of its common shares on a stock exchange in Canada is greater than $0.40 per common share for a period of 10 consecutive trading days, in which case the Warrants and the Finder's Warrants will expire 30 days after the date on which such notice is given. The securities issued under this tranche of the private placement are subject to a hold period under applicable Canadian securities laws which will expire on July 4, 2017.

(iii) On April 26, 2017, the Corporation announced that it has arranged a non-brokered private placement of up to 5,000,000 Units of the Corporation at a price of $0.30 per Unit for gross proceeds of up to $1,500,000. Each Unit will consist of one common share of the Corporation (a "Common Share") and one transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.45 per Common Share for a period of twenty-four months from the closing date of the Private Placement.

On May 18, 2017, due to oversubscription, this private placement was increased by up to 1,000,000 Units for additional gross proceeds of up to $300,000.

In connection with the private placement, certain arm's length parties may receive a cash finder's fee payment equal to 7% of the gross proceeds of the Units that are sold to subscribers introduced by such parties. The finder's fee payment is subject to the approval of the TSX Venture Exchange.

Stock Option Grant

On March 7, 2017, the Corporation granted 1,450,000 options to officers, directors and consultants of the Corporation at a price of $0.30 per share and an expiry date of March 7, 2027. The options will vest one-third after twelve, eighteen and twenty-four months respectively from the date of the grant.

Appointment and Resignation of Directors

(i) On February 23, 2017, the Corporation announced the appointment of Mr. Ali Zamani to the Board of Directors of the Corporation. Mr. Zamani brings extensive experience in business, finance, and governance of private and publicly-traded companies. He has served as the Managing Partner of Overlook Investments LLC since January 2016.

(ii) On March 15, 2017, the Corporation announced the appointment of Mr. Brian Robertson, P.Eng., as Chairman, effective immediately. Mr. Robertson currently serves as President and Chief Executive Officer of the Corporation and is also a director. In his new role as Chairman, Mr. Robertson replaces Mr. David Baker, previously Executive Chairman, who will remain on the Board as an independent director.

(iii) On May 12, 2017, the Corporation announced that Mr. Earl Terris resigned as a director of the Corporation for personal reasons, effective May 12, 2017.

Change of Name

On April 21, 2017, the Corporation announced that it filed Articles of Amendment to change its name to Mexican Gold Corp. The Corporation's shareholders approved a special resolution to change the name of the Corporation at the Corporation's special meeting of shareholders held on April 12, 2017. Effective at the start of trading on April 26, 2017, the Corporation commenced trading on the TSX Venture Exchange under the new name and the new stock symbol "MEX".

Debt Settlement

On May 10, 2017, the Corporation has issued an aggregate of 1,052,129 common shares at a deemed price of $0.31 per Common Share and an aggregate of 611,000 common shares at a deemed price of $0.25 per common share to certain of its officers and/or directors in settlement of outstanding debt in the aggregate amount of $478,910.22.

Joint Venture/Merger Opportunities

The strong renewed interest in precious metal prices since early 2016 has attracted significant interest in the Las Minas property from a number of companies. Mexican Gold has been active in evaluating other options for advancing the development of the Las Minas property, including merger or joint venture opportunities. Confidentiality agreements and due diligence site visits have been completed for companies expressing serious interest and discussions are continuing with regards to joint venture or merger opportunities.

These efforts, in conjunction with site visits, data evaluation and investor presentations resulted in the mineral potential of the property becoming better known to interested companies. We are continuing these efforts and believe they will result in a positive outcome for all stakeholders. However, we caution that there are no assurances or a guarantee that the process will result in a transaction, and if a transaction is undertaken, as to the terms or timing of such transactions.

Exploration Update

Diamond Drilling at El Dorado- Juan Bran Zone

The Corporation mobilized a diamond drill to the Las Minas property in mid-February to commence a 3,000 metre drilling program. The program included infill/extension as well as step-out drilling to expand the mineralized footprint of the El Dorado/Juan Bran zone. Additionally, a single hole was drilled at the Cinco Senores zone to test a geological concept that the Cinco Senores historic mining area represents a further uneroded lobe of the El Dorado mineralized skarn system

The drilling was a continuation of previous drilling campaigns at the high priority El Dorado/ Juan Bran zone (See Source Exploration press releases dated February 4, 2014, March 13, 2014 and August 29, 2014). A total of 3,140.40 metres were completed in 25 holes.

Diamond drilling at the El Dorado/Juan Bran zone intersected long intervals of high-grade gold, copper and silver mineralization and extended the zone up to 90 metres on strike to the west.

High-grade mineralization was intersected in a number of infill/ extension holes including the following:

- **6.14 g/t Au Eq[1] over 16.0 metres in LM-17-ED-31, within**
  - **4.79 g/t Au Eq over 28.0 metres, within**
    - **3.88 g/t Au Eq over 38.0 metres**

- **5.43 g/t Au Eq over 10.0 metres in LM-17-ED-35 within**
  - **4.22 g/t Au Eq over 14.0 metres, within**
    - **3.36 g/t Au Eq over 18.0 metres**

- **5.29 g/t Au Eq over 16.0 metres in LM-17-ED-38 Upper Zone, within**
  - **4.57 g/t Au Eq over 21.0 metres**

- **4.59 g/t Au Eq over 11.6 metres in LM-17-ED-38 Lower Zone, within**
  - **3.12 g/t Au Eq over 23.6 metres**

- **4.51 g/t Au Eq over 16.0 metres in LM-17-JB-16, within**
  - **3.89 g/t Au Eq over 20.0 metres**

The western boundary of the El Dorado / Juan Bran zone was extended on strike by holes LM- 17- JB-16, LM-17- JB-17 and LM-17-JB-18. These holes intersected strong mineralization up to 90 metres beyond the extent of mineralization defined by earlier drilling. The zone remains open on strike and down dip.

Highlights from holes extending the western boundary of mineralization include:

- **2.00 g/t Au Eq over 8.0 metres in LM-17JB-15**

- **4.51 g/t Au Eq over 16.0 metres in LM-17-JB-16, within**
  - **3.89 g/t Au Eq over 20.0 metres,**

- **4.00 g/t Au Eq over 6.0 metres in LM-17-ED-18, within**
  - **3.22 g/t Au Eq over 10.0 metres**

Diamond Drilling at Cinco Senores Zone

A single step –out hole, LM-17-CS-04, was drilled at the Cinco Senores zone at the end of the 2017 Phase 1 drilling program to test a geological concept that the Cinco Senores historic mining area represents a further uneroded lobe of the El Dorado mineralized skarn system. Step –out hole LM-17-CS-04 intersected a high- grade 2.0 metre interval with massive chalcopyrite grading 10.8 g/t gold, 41.7 g/t silver and 2.8 % copper or 15.98 g/ t gold equivalent. The strong presence of chalcopyrite -mineralized magnetite at the targeted skarn elevation in the step-out hole, when combined with earlier drilling and sampling results, is believed to be indicative of the potential for another El Dorado /Juan Bran type deposit at the Cinco Senores zone.

The Cinco Senores area presents several compelling similarities to the El Dorado area including:

- Multiple historic mines at the level of the erosional exposed contact between a regional dioritic sill and the overlying carbonate rocks.
- A regional scale fault intersecting the sill contact to provide structural control for skarn formation.
- Strong gold and copper values in mineralized skarn within and around the historic mining.
- A topographic profile which puts the sill contact below surface and out of reach of historic operations.
- An analogous 'erosional horseshoe' magnetic signature.
- El Dorado-type mineralized magnetite skarn is exposed in a small outcrop on the valley floor.

Exploration Program Pueblo Nuevo

An exploration program was completed at the Pueblo Nuevo concession, including trenching, sampling and mapping. The program was focussed on identifying drill targets, building on earlier grass roots exploration work completed in 2015.

The Pueblo Nuevo Concession

The Pueblo Nuevo concession covers an area of approximately 97.5 hectares with numerous high-grade epithermal quartz veins and silicified structures hosted in a sedimentary-igneous package. The veins have indicated strike lengths of 100 to 300 metres, with widths varying from 0.50 to 3.0 metres.

The concession is the site of several historical underground mines and adits including the La Miqueta, La Miqueta Alta, Marangola, Murcielagos, Dos Rios and El Cobre. The La Miqueta mine was extensively mined in the past and has 21 known levels. Historic mining activity was carried out on narrow (10-20 cm) quartz veins in both diorite and marble , extending approximately 100 metres on strike and over 100 metres vertically. Recent chip sampling of a vein on Level 1 at the historical La Miqueta mine graded to 11.99 g/t gold, 40.8 g/t silver and 1.34% copper or 14.76 Au Eq over 1.0 metres. The Tamiagua vein structure consist of two parallel veins located approximately 16 metres apart and varying from 20 to 50 centimetres in width. Historical mining carried out on one of the veins included three levels with extensive stoping between levels Recent sampling of the veins graded up 28.02 g/t Au, 14.0 g/t Ag and 0.01% Cu over 0.2 metres .

Table 1 below details selective sampling results:

Table 1

Sample No	Location	Width (M)	Au (g/t)	Ag(g/t)	Cu %	Au Eq
6995	Level 1 La Miqueta Mine	1.0	11.99	40.8	1.34	14.76
2591	Tamiagua	0.2	28.02	14.0	0.01	29.38

Acquisition of Pueblo Nuevo and La Luz 1 Concessions

On May 16, 2017, the Corporation announced that it had acquired a 100-per-cent interest in the Pueblo Nuevo and La Luz 1 concessions at the Las Minas project. Pursuant to the terms of the option agreement, the Corporation acquired the Pueblo Nuevo and La Luz 1 concessions for $150,000 (U.S.) plus VAT (value-added tax) in cash. Ramon Farias Garcia, property owner, retained a 1.5-per-cent royalty, of which 0.5 per cent can be purchased for $500,000 (U.S.) plus VAT. Mexican Gold has a right of first refusal on the remaining 1-per-cent royalty.

The La Luz 1 Concession

The La Luz 1 concession adjoins the west boundary of the main Las Minas concession block and covers an area of approximately 43 hectares. Historical underground workings are present on the property, including Mina Blanca and other smaller adits. The mine workings are located in a deeply eroded valley and targeted a pyritic zone within a highly bleached diorite host rock.

Note

All reported intervals referred to in this news release are sample lengths and additional information is required to determine true widths. Assays are uncut, length – weighted average values.

(1) *Gold equivalent (Au Eq) calculations use metal prices of US $1250/oz. for gold, US $18.00/oz. for silver and US $3.00 /lb. for copper. No adjustments have been made for potential relative differences in metal recoveries.*

$$Au\ Eq\ g/t = Au\ g/t + [(Ag\ g/t \times 0.014) + (Cu\% \times 1.64)]$$

Financial Highlights – Q3 2017

Financial Performance

The Corporation's net loss totalled $686,981 for the three months ended March 31, 2017, with basic and diluted loss per share of $0.04. This compares with a net loss of $282,827 with basic and diluted loss per share of $0.03 for the three months ended March 31, 2016. The Corporation had no operating revenue in both periods presented.

Net loss for three months ended March 31, 2017 principally related to general and administrative of $182,006 (three months ended March 31, 2016 - $116,800), exploration and evaluation expenditures of $418,901 (three months ended March 31, 2016 - $139,216), professional fees of $26,816 (three months ended March 31, 2016 - $6,518), depreciation of $2,688 (three months ended March 31, 2016 - $2,689) and expense of Value Added Tax ("VAT") of $39,241 (three months ended March 31, 2016 – $18,328).

The increase in general and administrative expenditure of $65,206 is primarily due to increased investor relation and corporate activity during the quarter. The increase in exploration and evaluation expenditures of $279,685 is primarily due to the commencement of the drilling program on the properties during the current period. The variance in recovery of VAT of $20,913 from the comparative period is due to VAT recovery being recorded when received from the Mexican authorities and these recoveries vary from period to period based on the release of funds. Share-based payments of $17,346 for the three months ended March 31, 2017 relates the expense for the 1,450,000 stock options granted during the current period, there were no stock options granted during the three months ended March 31, 2016.

Liquidity and Financial Position

As at March 31, 2017, the Corporation had working capital of $665,038, compared to a working capital deficit of $654,070 at June 30, 2016. The Corporation had $1,098,557 in cash available to fund its ongoing operations compared to $44,377 in cash at June 30, 2016. Current liabilities at March 31, 2017 were $736,521 compared to $716,105 at June 30, 2016. The Corporation's cash is sufficient to continue the day to day operations even with the deferral of payment of accrued salaries and fees to key management and directors of $418,139. The Corporation has completed two tranches of its private placement and is in the process of completing an additional tranche to complete its planned work programs on its mineral properties, meet its ongoing level of corporate overhead and discharge its liabilities as they become due. (See "Subsequent Events") The Corporation intends to keep discretionary spending to a minimum to conserve its cash. The Corporation is also currently actively seeking a strategic investor or financing opportunities to improve liquidity.

Cash used in operating activities was $1,264,353 for the nine months ended March 31, 2017. Operating activities were affected by a $8,064 adjustment for depreciation, share-based payments of $17,346 and the net change in non-cash working capital balances of $264,928 because of an increase in accounts receivable of $12,033, increase in prepaids and deposits of $273,331 and increase in accounts payable and accrued liabilities of $20,416.

Cash provided by financing activities was $2,413,367 for the nine months ended March 31, 2017. Financing activities consisted of the proceeds of $2,628,875 from the private placement which was offset by share issue costs of $209,441.

The Corporation has no operating revenues, and depends on debt and/or equity financing to fund its operations. As of March 31, 2017, and to the date of this Interim MD&A, the cash resources of the Corporation are held with one Canadian chartered bank. The Corporation has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

During fiscal 2017, the Corporation's corporate head office costs are estimated to average $150,000 per quarter. Head office costs include professional fees, reporting issuer costs, business development costs and general and administrative costs. Head office costs exclude property research and area selection costs. The cost of acquisition and work commitments on the new acquisitions cannot be accurately estimated.

The Corporation has undertaken an aggressive cost reduction program to reduce corporate overhead and field office costs to conserve cash.

Based on the Corporation's working capital of $665,038 at March 31, 2017 (June 30, 2016 – deficit of $654,070), the Corporation will have to raise additional equity capital in fiscal 2017 in amounts sufficient to fund both planned exploration work and working capital requirements. The major variables are expected to be the size, timing and results of the Corporation's exploration program and its ability to continue to access capital to fund its ongoing operations. The Corporation's cash at March 31, 2017 are anticipated to be sufficient to fund its exploration activities, accounts payable and accrued liabilities of $736,521 and the estimated operating expenses of $150,000 for remainder of fiscal 2017.

Related Party Transactions

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DRAX Services Limited	Corporate secretarial and filing services
0702232 B.C. Ltd. (o/a D. Baker Capital Inc.)	Investor relations, consulting and office rental

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. The following are the related party transactions, recorded at the exchange amount as agreed to related parties:

i) Included in general and administrative expenses for the three and nine months ended March 31, 2017 are amounts totaling $4,571 and $8,856, respectively (three and nine months ended March 31, 2016 - $2,068 and $6,349, respectively) for corporate secretarial and filing services provided by DRAX, a company related to the Corporation through Shaun Drake, Corporate Secretary of the Corporation. As at March 31, 2017, DRAX was owed $1,939 (June 30, 2016 - $1,697) and this amount was included in accounts payable and accrued liabilities.

ii) Included in general and administrative expenditures for the three and nine months ended March 31, 2017 are amounts totaling $18,750 and $63,750, respectively (three and nine months ended March 31, 2016 - $22,500 and $67,500, respectively) for investor relations and consulting services and $nil (three and nine months ended March 31, 2016 - $4,286) for office rental provided by 0702232 B.C. Ltd. (o/a D. Baker Capital Limited), a company related to the Corporation through David Baker, Chairman and director of the Corporation. As at March 31, 2017, D. Baker Capital Inc. was owed $187,035 (June 30, 2016 - $100,804) and this amount was included in accounts payable and accrued liabilities. The Corporation received a short-term loan of $195,000 from D. Baker Capital Inc. which was fully repaid during the nine months ended March 31, 2017.

iii) Key management personnel remuneration includes the following amounts:

Salaries and wages [1] **Names**	**Three Months March 31, 2017 ($)**	**Three Months March 31, 2016 ($)**	**Nine Months March 31, 2017 ($)**	**Nine Months March 31, 2016 ($)**
Brian Robertson	23,750	44,344	112,438	264,358
Total	**23,750**	**44,344**	**112,438**	**264,358**

Share-based payments **Names**	**Three Months March 31, 2017 ($)**	**Three Months March 31, 2016 ($)**	**Nine Months March 31, 2017 ($)**	**Nine Months March 31, 2016 ($)**
Brian Robertson	4,287	nil	4,287	nil
David Baker	1,847	nil	1,847	nil
Shaun Drake	1,319	nil	1,319	nil
Ali Zamani	1,781	nil	1,781	nil
Vivian Gu	857	nil	857	2,268
Total	**10,091**	**nil**	**10,091**	**2,268**

Directors fees [1] Names	**Three Months March 31, 2017 ($)**	**Three Months March 31, 2016 ($)**	**Nine Months March 31, 2017 ($)**	**Nine Months March 31, 2016 ($)**
Earl Terris	3,000	1,500	6,000	13,500
Gorden Glenn	3,000	1,500	6,000	13,500
David Baker	500	nil	500	nil
Total	**6,500**	**3,000**	**12,500**	**27,000**

[1] On November 12, 2015, the Chief Executive Officer's ("CEO") temporary 50% salary reduction of his base salary was reinstated effective January 1, 2014 and all outstanding amounts were accrued. In addition, unpaid CEO salaries from July 15, 2015 to March 31, 2017 were also accrued. Directors' fees of $12,000 per annum were reinstated effective January 1, 2014 and all outstanding amounts were accrued.

As at March 31, 2017, the director and key management were owed $418,139 (June 30, 2016 - $341,313) and this amount was included in accounts payable and accrued liabilities.

Commitments

The Corporation has commitments relating to property payment obligations related to the Las Minas property held by the Corporation's subsidiary. The annual payments for the next fiscal year are as follows:

Fiscal year	Amount ($)
2017	279,510
Total	**279,510**

Additional Information

Additional information concerning the Corporation is available on Sedar at **www.sedar.com**.

Subsequent Events

(i) On April 26, 2017, the Corporation announced that it has arranged a non-brokered private placement of up to 5,000,000 Units of the Corporation at a price of $0.30 per Unit for gross proceeds of up to $1,500,000. Each Unit will consist of one common share of the Corporation (a "Common Share") and one transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.45 per Common Share for a period of twenty-four months from the closing date of the Private Placement.

On May 18, 2017, due to oversubscription, this private placement was increased by up to 1,000,000 Units for additional gross proceeds of up to $300,000.

In connection with the private placement, certain arm's length parties may receive a cash finder's fee payment equal to 7% of the gross proceeds of the Units that are sold to subscribers introduced by such parties. The finder's fee payment is subject to the approval of the TSX Venture Exchange.

(ii) On May 10, 2017, the Corporation has issued an aggregate of 1,052,129 common shares at a deemed price of $0.31 per Common Share and an aggregate of 611,000 common shares at a deemed price of $0.25 per common share to certain of its officers and/or directors in settlement of outstanding debt in the aggregate amount of $478,910.

Risks and Uncertainties

An investment in the securities of the Corporation is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Corporation and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Corporation’s MD&A for the fiscal year ended June 30, 2016, available on SEDAR at **www.sedar.com**.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements, and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Corporation, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited condensed interim financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.