EQUITAS RESOURCES

The following discussion and analysis of the financial position and results of operations for EQUITAS RESOURCES CORP. (the "Company" or "EQT") should be read in conjunction with the condensed interim consolidated financial statements for the ***nine months ended November 30, 2016****, and the audited financial statements for the* ***year ended February 29, 2016,*** *which are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars unless otherwise specified.*

The effective date of this report is January 30, 2017.

The Company is subject to the specific risks inherent in the mineral exploration business as well as general economic and business conditions. For more information on the Company, readers should review the Company's disclosure that is available on the Company's website at www.equitasresources.com as well as at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the *Company Act* (British Columbia) in 1994, and is a reporting issuer in British Columbia and Alberta. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol *EQT*, and classified as a junior natural resource company.

The Company's primary business is to identify, explore and develop opportunities in the resource sector through acquisition or joint venture. The Company owns interests in various properties Brazil, Labrador, British Columbia, and the Northwest Territories, as described below.

HIGHLIGHTS

On March 8, 2016, the Company closed the first tranche of a non-brokered private placement of 8,000,000 units ("Units") at a price of $0.05 per Unit for gross proceeds of $400,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 24 months from closing.

On April 6, 2016, the Company closed the second and final tranche of a non-brokered private placement of 22,000,000 units ("Units") at a price of $0.05 per Unit for gross proceeds of $1,100,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 24 months from closing. Finders fees of $31,600 cash and 632,000 share purchase warrants priced at $0.10 and exercisable for 24 months were paid and issued.

On April 27, 2016, the Company finalized the acquisition of Alta Floresta Gold Ltd. ("AFG"), previously announced on January 13, 2016. The Company acquired all of the issued and outstanding securities of AFG. AFG is a private BC company, which owns 100% of Alta Floresta Gold Mineração Ltd. ("AFM). AFM currently holds twelve gold properties, and two production licences, over 200,000 hectares of land in the Mato Grosso, and Para states of the Federative Republic of Brazil. Licence areas are highly prospective, with previous artisanal mining activity. AFM is focused on expanding the production activities and defining additional gold resources at its Cajueiro Project (the "Cajueiro Project").

In connection with the transaction, Equitas issued 103,653,283 common shares to former shareholders of AFG, and 5,282,324 stock options to former option holders of AFG, exercisable for a period of three years at a price of $0.15 per share. All securities issued in connection with the transaction are subject to a four month hold period.

On June 7, 2016, the Company announced that it had entered into a signed term sheet with Cartesian Royalty Holdings Pte. Ltd ("CRH")., an affiliate of Cartesian Capital Group, consisting of a US$5 million revolving gold prepayment loan facility and a US$1 million equity private placement investment. On October 10, 2016, the parties mutually decided to terminate the transaction.

On July 22, 2016, the Company closed a non-brokered private placement of 6,610,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $661,000. Additionally, the Company also issued 1,818,181 flow-through units ("FT Units") at a price of $0.11 per FT Unit for gross proceeds of $200,000. Each Unit consists of one common share and one share purchase warrant (a "Warrant"). Each FT Unit consists of one common share and one-half of a share purchase warrant. Each whole Warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.16 per share for a period of 24 months from closing

On December 30, 2016, the TSX Venture Exchange approved a share consolidation of the outstanding share capital of the Company on the basis of ten (10) pre-consolidation common shares for one (1) new post-consolidation common share (the "Consolidation"). The Consolidation was effective at the opening of the market on Tuesday, January 3, 2017. As a result of the Consolidation, the Company's issued and outstanding common shares were reduced to 22,224,717.

MINING PROPERTIES

Properties in Brazil:

With the acquisition of AFG, the company acquired 100% interest in six gold properties comprising over 186,000 ha of licence area, and four production licenses, in the prolific Juruena Gold Belt of central Brazil. The licence area has subsequently bee increased to 200,000 ha with the addition of the Santa Helena and Colider Leste licenses. The production licences have been reduced to two. Our near-term focus is to increase the saprolite resource base at the flagship Cajueiro project, and to advance towards production. A summary of these opportunities follows:

Cajueiro (49,384.07 ha, Mato Grosso and Para States, Brazil): The Cajueiro Project comprises a large land package located in the Alta Floresta - Juruena Gold Belt, a Proterozoic arc consisting of calc-alkaline granite-volcanic, and medium to high grade metamorphic crustal segments. Historic gold production in the belt is generally recognized to be in the range of 7-10 Moz, primarily from garimpeiro activity. At Cajueiro, microgranites and rhyolites host a set of Northeast (NE) and East-West (E-W) conjugate shears exhibiting late brittle deformation. These were the primary structural controllers of hydrothermal alteration and associated gold mineralizing processes.

Gold and pyrite in the bedrock sulphide domain is contained within hydrothermal alteration envelopes within and adjacent the structures. An alteration assemblage of sericite-epidote- chlorite-quartz readily distinguishes the prospective "green" rhyolite and microgranite from their unaltered reddish counterparts. Observations indicate the quartz veining and related gold-pyrite mineralization to be a late brittle event of the process.

Gold is also present in the saprolite overlying bedrock, in the oxidized equivalent of the sulphide alteration assemblage. Prospective saprolite hosts an assemblage of sericite-chlorite-silica, with disseminated limonite and "box-works" of limonite with rare occurrences of chalcopyrite. This package is clearly visible on surface in many locations throughout the property.

On May 2, 2016 the Company announced that the updated NI 43-101 Technical Report on Resources for the Cajueiro project (Gustavson and Associates, March 24, 2016) had been filed with SEDAR and made available on the Company's website. The report documents Indicated and Inferred Resources in the sulphide domains totaling 417,600 ounces Au, and Inferred Resources in the oxide domains totalling 78,400 ounces Au.

Table 1-1 Mineral Resource Estimate (Fresh Rock - Sulfide Zone)

Crente							
Indicated				Inferred			
Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)	Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)
0.3	7,400	0.854	203.2	0.3	4,904	0.695	109.5
0.25	**8,636**	**0.771**	**214.1**	**0.25**	**5,826**	**0.628**	**117.7**
0.2	10,131	0.690	224.8	0.2	7,161	0.553	127.2
Baldo							
				Inferred			
				Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)
				0.3	1,108	0.872	31.1
				0.25	**1,319**	**0.777**	**33.0**
				0.2	1,500	0.711	34.3
Matrincha							
				Inferred			
				Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)
				0.3	1,410	0.867	39.3
				0.25	**1,596**	**0.797**	**40.9**
				0.2	1,884	0.710	43.0
Marines							
				Inferred			
				Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)
				0.3	686	0.500	11.0
				0.25	**785**	**0.472**	**11.9**
				0.2	1,055	0.408	13.8
Total							
Indicated				Inferred			
Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)	Cutoff g/t	Tonnes (000s)	Au g/t	Oz Au (000s)
0.3	7,400	0.854	203.2	0.3	8,108	0.732	190.9
0.25	**8,636**	**0.771**	**214.1**	**0.25**	**9,526**	**0.664**	**203.5**
0.2	10,131	0.690	224.8	0.2	11,600	0.585	218.3

Effective date March 8, 2016

Table 1-2 Mineral Resource Estimate (Saprolite – Oxide Zone)

Crente							
Indicated				Inferred			
Cutoff	Tonnes	Au	Oz Au	Cutoff	Tonnes	Au	Oz Au
g/t	(000s)	g/t	(000s)	g/t	(000s)	g/t	(000s)
0.3				0.3	357	1.562	17.9
0.25				**0.25**	**381**	**1.482**	**18.2**
0.2				0.2	419	1.367	18.4
Baldo							
				Inferred			
				Cutoff	Tonnes	Au	Oz Au
				g/t	(000s)	g/t	(000s)
				0.3	309	3.029	30.1
				0.25	**309**	**3.029**	**30.1**
				0.2	309	3.021	30.0
Matrincha							
				Inferred			
				Cutoff	Tonnes	Au	Oz Au
				g/t	(000s)	g/t	(000s)
				0.3	155	2.726	13.6
				0.25	**155**	**2.717**	**13.5**
				0.2	198	2.184	13.9
Marines							
				Inferred			
				Cutoff	Tonnes	Au	Oz Au
				g/t	(000s)	g/t	(000s)
				0.3	481	1.046	16.2
				0.25	**529**	**0.977**	**16.6**
				0.2	607	0.880	17.2
Total							
Indicated				Inferred			
Cutoff	Tonnes	Au	Oz Au	Cutoff	Tonnes	Au	Oz Au
g/t	(000s)	g/t	(000s)	g/t	(000s)	g/t	(000s)
0.3				0.3	1,302	1.858	77.8
0.25				**0.25**	**1,374**	**1.775**	**78.4**
0.2				0.2	1,533	1.613	79.5

Effective date March 8, 2016

NOTE Numbers in the table may not precisely add up due to rounding errors

On May 9, 2016, the Company announced that an exploration program had commenced on the Baldo Target area at Cajueiro. The program, consisting of 1600m of HQ diamond drilling and 700m of trenching, was designed to explore for substantial new oxide resource along an 820m prospective structural corridor, where previous surface sampling had encountered impressive gold grades, including 5.77 g/t Au and 87.20 g/t Au achieved from two circa 1-tonne composite samples, taken from separate pits dug into the oxidized saprolite overlying the structure.

On May 26, 2016, the Company announced that trenching had commenced on May 11, 2016, drilling had commenced on May 20, 2016 and that all field operations were expected to be completed within one month's time.

On July 6, 2016, the Company announced the discovery of near-surface, high grade gold mineralization from trench sampling at the Baldo target. The expanded exploration program included 1585m of HQ diamond drilling (31 holes), and 1680 m of trenching (9 trenches). Major highlights included eight intersections of 1.16 g/t Au or greater, including two high grade intervals of 2m @ 24.26 g/t Au and 2m @ 18.86 g/t Au, and a broader separate near-surface interval of 12m @ 1.42 g/t Au. As of the press release date a large majority of diamond drill assays were pending. A composite sample was sent for bench-scale metallurgical testing including comminution, gravity separation and cyanide leach. The drilling program was expanded by an additional 500m to provide in-fill information around the recently discovered mineralization.

On August 17, 2016, the Company reported results of metallurgical testing on a composite sample of gold mineralized saprolite from the Baldo trenching program. Results indicated low recoveries from gravity processing, and identified recoveries of up to 96.2% from Carbon In Leach (CIL) processing. The Company announced a decision to fast-track to a CIL process, and that engineering design for the plant had commenced.

On August 29, 2016, the Company reported results from the diamond drilling program at the Baldo zone on the Cajueiro project. Thirty seven HQ diamond drill holes totaling 1756m were completed. Thirty three intersections ranging in grade from 0.95 g/t Au to 4.07 g/t Au were reported. Results of the program are to be incorporated into a re-fresh of the 43-101 Resources report for Cajueiro.

On October 13, 2016, the Company reported results from in-fill drilling in the near-surface below the Crente pit at Cajueiro. Two HQ diamond drill holes totaling 252m were completed. Borehole CJO_094 intersected a corelength of 31m grading 1.12 g/t Au. Borehole CJO_095 intersected a corelength of 29m grading 1.03 g/t Au. Results will be incorporated into a re-fresh of the 43-101 Resources Report for Cajueiro.

Colider (4216.08 ha, Mato Grosso State, Brazil): The Colider property represents potential for discovery of high-grade, shear zone controlled gold mineralization, suitable to support underground mining operations. To date exploration along a 5.5 km strike length of the target structure has identified four gold-in-soil anomaly areas, and thirteen diamond drill holes totaling 2700m targeting the bedrock have yielded promising results including 4.1 m @ 13.6 g/t Au, and 2m @ 9.6 g/t Au.

Nova Canaa (9693.61 ha, Mato Grosso State, Brazil): Similar to Colider, mineralized veins in granitic rocks host Au with associated pyrite, chalcopyrite and galena. The property currently has three main target areas identified. Previous underground sampling has identified promising grades including 2m @ 92.19 g/t Au. Twenty five diamond drill holes totaling 3,977m were drilled in 2007 and 2010 targeting the bedrock yielding high grade gold and silver results. Gold results included 2m at 7.2g/t Au, 2.9m at 14.2g/t Au, and 1.5m at 17.2g/t.

On November 29th, 2016, the Company reported on previous exploration results and announced plans for an exploration program consisting of mapping and sampling, Induced Polarization (IP) and magnetics surveys in advance of diamond drilling.

Apiacas (97,429.5 ha, Mato Grosso State, Brazil): Apiacas comprises a package of properties covering seven main target areas. There has been no previous drilling. Wide-spaced trenching over prospective structures along a two km trend, adjacent historic garimpeiro workings, has achieved some promising results, including 9m @ 9.44 g/t Au, and 9m @ 4.5 g/t Au. The initial impression of the Company is that there is potential for discovery and delineation of significant open-pit resources at Apiacas.

Rio do Pombo (7546.91 ha, Mato Grosso State, Brazil): The target compromises a parallel vein swarm currently defined over a 650m width and 3 km long strike extension. Grab samples containing up to 66 g/t au have been collected from this mineralized system. A program of systematic exploration is required to assess potential and prioritise amongst the Company's other opportunities.

Crepori (8322.89 ha, Para State, Brazil): The property is situated in the Tapajos Gold Province approximately 100km SW of the Serabi gold mine complex. Small-scale historical mining was conducted along two gold bearing quartz veins. There is no previous drilling. Historic production in the Creporizinho region between 1983 and 1990 has been estimated by others at 400 kg Au per month. Spectacular grades up to 1022.98 g/t Au have been obtained from grab samples of quartz veining with sulphides in the old mine dumps. The property represents opportunity for discovery of a narrow-vein high grade gold deposit.

On November 15th, 2016, the Company reported on results of a predecessor's surface sampling program at Crepori that achieved spectacular grades up to 1022.98 g/t Au, and announced plans for an exploration program consisting of mapping and sampling, Induced Polarization and magnetics survey, in advance of diamond drilling.

Vila Rica (2586.79 ha, Mato Grosso State, Brazil): This property is an early-stage exploration play approximately 600 km east of Cajueiro project, within a prospective area of the Juruena Gold Belt. The Company is including Vila Rica in a technical review of all holdings to determine a priority rating for further exploration.

Santa Helena (8398.50 ha, Mato Grosso State, Brazil): Property geology consists of Nhandu granite in the southern and central portions, and Colider suite micro-granites in the northern parts. North to northeast trending diabase dykes are in part parallel to a broad NNE trending shear, hosting later brittle deformation, hydrothermal alteration, quartz veining and gold associated with sulphides. Observed thicknesses and Au grades in the saprolite indicate potential for discovery of a significant open pit resource at Santa Helena. Three km-scale Au in soil anomalies over a 7 km trend associated with the broad shearing event remain virtually untested. Departamento Nacional de Producao Mineral (DNPM) announced that the company was successful in the bidding process to become beneficial owner of the licenses on September 28, 2016. Observed thicknesses and grades within the saprolite oxide domain indicate potential for discovery of an economic open pit deposit.

Colider Leste (9682.08 ha, Mato Grosso State, Brazil): The Collider Leste license is an early-stage opportunity, identified by similarities in geology, structure and mineralization with the Company's advanced high grade Nova Canaa Project. At Colider Leste monzogranites of the San Pedro Intrusive suite are in sheared contact with Nova Canaa Suite biotite granites and syenogranties. Gold is reported to be associated with hydrothermal alteration along the shears, with sausseritization, edpidote alteration, and quartz veins and stockworks hosted by a later brittle deformation event, with an overall northwest orientation. Departamento Nacional de Producao Mineral (DNPM) announced that the company was successful in the bidding process to become beneficial owner of the licenses on September 28, 2016.

Carlinda (5126.00 ha, Mato Grosso State, Brazil): The property is underlain by locally sheared granitoids of the Juruena Suite. Historic prospecting and alluvial mining for gold have focused on mineralization broadly correlative with the regional E-W structural fabric. A soil survey has identified an irregular NW trending anomaly with 1 km extent, with values up to 500 ppb Au. Further evaluation is on hold pending technical review in the context of the entire Brazilian portfolio.

Firmino (181.0 ha, Mato Grosso State, Brazil): The property is underlain by granites intruded by younger basic lithologies. Several old prospecting pits expose hydrothermal alteration along a WNW trending ductile shear up to 30m in width. The hydrothermal alteration zone comprises sericite-quartz-pyrite, variably oxidized as exposed in the pits. Gold mineralization has been traced along a 900m strike length in the area, with grab samples grading up to 79.3 g/t Au. Further evaluation is on hold pending a technical review in the context of the entire Brazilian portfolio.

Fazenda Mogno (2207.65 ha, Mato Grosso State, Brazil): The property is underlain by a tonalitic assemblage of the Bakiri-Fazenda Complex. Gold mineralization is associated chloritic shears hosting quartz veining with pyrite and chalcopyrite, exposed by several historic test pits along a NW trend. Further evaluation is on hold pending a technical evaluation in the context of the entire Brazilian portfolio.

Properties in Canada:

Garland Property (23,386 ha, Labrador, Canada): On July 10, 2014, the Company entered into an agreement with Zimtu Capital Corp. (a company with common directors and significant shareholdings), DG Resource Management Ltd., and Ridge Resources Ltd. (owned by the Company's president), collectively the "Vendors", to acquire a 100% interest in the Garland Property, located in Labrador, Canada. The property encompasses 25,050 hectares and is less than 30 kilometres southeast of Vale's Voisey's Bay Nickel/Copper/Cobalt mine. A review of historical exploration work shows the Garland Property to be within an environment favorable for magmatic nickel-copper sulphide deposits; and which also possess features strikingly similar to those of the Voisey's Bay deposit(s).

In consideration, the Company is to issue 7,999,998 shares over a 36 month period (2,666,666 shares issued upon exchange approval with a fair value of $93,333 at February 29, 2016 and 2,666,666 shares issued May 17, 2016 with a fair value of $186,667); pay $80,000 over a 1 year period (paid), and grant DG Resource Management a 2% Gross Overriding Royalty (GORR) in the Property. The transaction acceptance by the TSX-V on November 17, 2014.

During the nine months ended November 30, 2016, $186,667 in acquisition costs (February 29, 2016 - $58,580) were incurred and $212,085 (February 29, 2016 - $2,378,759) in exploration expenditures were spent on the Garland Property.

Exploration Update:

On February 3, 2015, the Company announced that it had commenced its nickel exploration program on the Garland Property in Labrador, Canada. The work encompassed a VTEM Plus airborne survey. On March 27, 2015 the Company completed the VTEM survey and final results were to be analyzed.

On April 16, 2015, Equitas provided an update on the VTEM analysis: it was being interpreted and refined by Geophysicist Alan King of Geoscience North. May 13, 2015 the Company announced the VTEM survey resulted in identifying nine Nickel/Copper sulphide targets at the Garland Property, and that the overall nature of the anomalies highlighted the potential for discovery of buried Voisey's Bay analogues at the Garland Property and that the Company had begun preparing for a 2015 summer exploration program which would include mapping and prospecting, 30 line-km of large loop EM survey, and up to 4000m of diamond drilling.

On May 13, 2015, Equitas issued the final results from the VTEM Plus airborne survey at the Garland Property. The interpretation identified significant new areas of conductivity. A total of nine areas of conductivity prospective for nickel-copper sulphides were the result of the VTEM interpretation. The Company planned for the exploration on the target areas to commence by late June which would include mapping and prospecting, 30 line-km of large loop EM survey, and up to 4000m of diamond drilling.

On July 30, 2015, the Company announced it commenced mobilization of crew and equipment for the exploration and drill program at the Garland Property. The exploration program was to have been managed by Dahrouge Geological Consulting Ltd., a mineral exploration, consulting, and project management group based in Edmonton, Alberta.

On September 23, 2015, Equitas provided an update on its Garland exploration program. The Company acquired 3,311 hectares adjoining the south-western part of the Garland Property. The identified anomalies previously recorded increased to twelve but due to ongoing ground geophysics work the Company had stated that anomalies A and B were of no further interest. Springdale Forest Products commenced drilling starting at anomaly D.

On October 20, 2015, the Company provided an update on the exploration program at the Garland Property. A total of 1515m of diamond drilling was completed within four NQ diamond drill holes. These four holes have tested anomalies D, C, J and Q. A total of 173 samples have been sent to Activation Laboratories in Ancaster, ON for chemical analysis.

On December 16, 2015, the Company reported on the autumn geophysics and drilling program at the Garland property. Five diamond drill holes totaling 1678m were completed. A total of 281 core samples were submitted to Activation Laboratories. Crone PEM surveying was completed at nine of the thirteen target areas. Three focus areas for further evaluation were defined:

- Borehole GP15-005 at the Cominco Showing intersected disseminated pyrrhotite-chalcopyrite-pyrite over a 69m interval from surface. A Crone PEM survey is planned to detect massive sulphide bodies associated with this mineralization.
- Crone Pulse Electromagnetic (PEM) surveying of borehole GP15-004 has produced a complex anomalous response that may indicate a significant good quality conductor near the hole, in the modelled depth range for buried Voisey’s Bay type deposits. A detailed down-hole Crone PEM survey to validate the response is planned ahead of drill testing.
- Regional and property scale data synthesis has interpreted the major E-W lineament in the northern portion of the property to represent the southern margin of the graben structure hosting the Voisey’s Bay mine. Coincident VTEM anomalies will be covered with Crone PEM survey ahead of drill testing.

During August 2016, a complete demobilization of the campsite and diamond drill rig was completed. An onsite inspection in September 2016 by Newfoundland and Labrador Natural Resources personnel did not identify any deficiencies.

Qualified Person

Everett Makela, P. Geo., Director of Equitas Resources Corp., a Qualified Person as defined by National Instrument 43-101, supervised the preparation of the technical information in the preceding descriptions of the Company’s mining properties.

SUMMARY OF QUARTERLY RESULTS

	November 30, 2016	August 31, 2016	May 31, 2016	February 29, 2016
Total revenues	$ nil	$ nil	$ nil	$ nil
Loss for the period	(534,810)	(526,071)	(638,148)	(2,165,346)
Basic and diluted loss per share	(0.00)	($0.00)	($0.01)	($0.03)

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Total revenues	$ nil	$ nil	$ nil	$ nil
Loss for the period	(970,393)	(403,910)	(233,157)	(331,913)
Basic and diluted loss per share	($0.01)	($0.01)	($0.00)	($0.01)

Trends over the last eight quarters:

During the last eight quarters, the Company's net loss has trended upward. For the Quarters ending November 30 and August 31, 2016, the loss increased as the result of the incorporation of the results of AFG. During the quarter ended May 31, 2016, the Company acquired AFG, and incurred expenses in relation to the acquisition and promotion of the new properties in Brazil. During the quarter ended February 29, 2016, the Company impaired a number of Canadian properties which significantly increased the loss for the quarter. During 2015, the Company acquired a new property in Canada and increased its expenses to promote the property in order to raise funds for exploration. Prior to the quarter ended November 30, 2014, the Company was less active and expenses were kept to a minimum to conserve funds.

RESULTS OF OPERATIONS

Nine Months ended November 30, 2016

During the nine months ended November 30, 2016, the net loss was $1,633,629, compared to a net loss of $1,607,460 during the nine months ended November 30, 2015, a difference of $26,169.

The significant differences are:

- Increased; advertising and promotion to $278,267 (2015 - $261,473), investor relations to $106,704 (2015 - $85,000), and travel expenses to $79,008 (2015 - $63,837) as the Company promoted its new properties in Brazil and made changes to its promotional strategies,
- increased consulting fees to $657,686 (2015 - $482,887) due to a change in management of the Company and increased business activities during the current period,
- increased exploration costs to $53,769 (2015 - $nil) for work on the Brazil properties,
- increased professional fees to $255,373 (2015 - $14,222) for additional legal, accounting and advisory services required due to the acquisition of AFG,
- increased transfer agent and regulatory fees to $94,367 (2015 - $45,283),
- decreased share-based payments to $nil (2015 - $527,117) as the Company did not grant any options during the current period,

- increased interest expense to $18,858 (2015 - $nil) for payments made for claim maintenance in Brazil including costs on the initial deferral of payments.

Three Months ended November 30, 2016

During the three months ended November 30, 2016, the net loss was $534,810, compared to a net loss of $970,393 during the three months ended November 30, 2015, a difference of $435,583.

The significant differences are:

- Decreased advertising and promotion to $32,942 (2015 - $125,071), increased investor relations to $46,704 (2015 - $27,500), and decreased travel expenses to $30,084 (2015 - $42,074) as the Company made changes to its promotional strategies,
- decreased consulting fees to $164,991 (2015 - $199,451) due to a change in management of the Company,
- increased exploration costs to $38,972 (2015 - $nil) for work on the Brazil properties,
- increased professional fees to $99,100 (2015 - $8,170) for due diligence costs incurred in respect of the Cartesian transaction.
- increased transfer agent and regulatory fees to $73,440 (2015 - $27,011),
- decreased Share-based payments of $nil (2015 - $495,168) as the Company did not grant any options during the current period,

CAPITAL RESOURCES AND LIQUIDITY

As of November 30, 2016, the Company had cash of $15,396 (February 29, 2016 $ 397,330) and working capital deficit of $335,002 (February 29, 2016, surplus of $647,363). The Company has no source of operating cash flows and operations to date have been funded primarily from the issuance of share capital. As a result, the Company’s ability to continue as a going concern is contingent on its ability to monetize assets, obtain additional financing through loans or equity financing, or through other arrangements.

During the nine months ended November 30, 2016 Company has raised gross proceeds of approximately $2.5 million, The proceeds were raised for advancing the Company’s new gold properties in Brazil, the Garland Property, and for general working capital purposes.

Additional funds will be required in the near term to advance the mineral properties and meet budgeted expenditure for the year.

RELATED PARTY TRANSACTIONS

			Nine Months ended November 30, 2016	Nine Months ended November 30, 2015
Key management compensation:				
Salaries, Benefits, and Consulting Fees		**$**	**335,750**	119,750
Other related party transactions:				
Ridge Resources [(a)]	Exploration costs		**13,300**	-
EFMX Consulting[(b)]	Exploration costs		**-**	13,000
Zimtu Capital Corp. [(c)]	Mineral property costs		**-**	35,750
Zimtu Capital Corp. [(c)]	Office administration and rent		**87,500**	112,500
Zimtu Capital Corp.[(c)]	Advertising and promotion		**124,131**	10,313
Directors and officers	Share-based payments		**-**	258,980
Total		**$**	**560,681**	$ 550,293

a. A company controlled by a director of the Company, Kyler Hardy
b. A company controlled by the Vice President of Exploration, Everett Makela
c. A company with a common director, David Hodge. Mr. Hodge is also the President and CEO of Zimtu.

Amounts due to (from) related parties	**November 30, 2016 $**	**February 29, 2016 $**
Due to Directors	97,766	74,939
Zimtu Capital Corp.	2,623	5,887
Due to related parties – Total	100,389	80,826

Related party amounts are unsecured, non-interest bearing and due on demand.

DISCLOSURE OF OUTSTANDING SHARE DATA

On December 30, 2016, the TSX Venture Exchange approved a share consolidation of the outstanding share capital of the Company on the basis of ten (10) pre-consolidation common shares for one (1) new post-consolidation common share (the “Consolidation”). The Consolidation was effective at the open of the market on Tuesday, January 3, 2017.

At the date of this report, the Company has 22,224,717 common shares outstanding on a post rollback basis.

The following table provides a summary of the Company’s stock options outstanding at the date of this report on a post rollback basis:

Expiry Date	**Exercise Price**	**Number of options**
April 7, 2017	$1.00	12,500
February 26, 2019	$1.00	61,666
April 27, 2019	$1.50	528,232
February 17, 2020	$1.00	175,500
June 4, 2020	$1.00	12,500
November 19, 2020	$1.50	410,000
January 5, 2021	$1.50	25,000
Total, end of period		1,225,398

The following table provides a summary of the Company's warrants outstanding at the date of this report on a post rollback basis:

Expiry Date	Exercise Price	Number of warrants
February 26, 2017	$1.00	381,333
July 15, 2017	$1.50	615,562
March 8, 2018	$1.00	800,000
April 6, 2018	$1.00	2,263,200
July 29, 2018	$1.60	751,909
Total, end of period		4,812,005

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The policies applied in the condensed interim consolidated financial statements are consistent with policies disclosed in Note 4 of the audited financial statements for the year ended February 29, 2016. In addition, the following policy is applicable for the translation of foreign currency balances:

Foreign currency translation

i. Functional and presentation currency

The consolidated financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is in Canadian dollars. The functional currency of Alta Floresta Gold Ltd. is in U.S Dollars. The functional currency of Alta Floresta Gold Mineração S.A. is in Brazilian Reals.

ii. Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the profit or loss.

iii. Group companies

Entities which have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.

ii. Income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

iii. All resulting exchange differences are recognized in other comprehensive loss as cumulative translation adjustments.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at November 30, 2016, the Company's financial instruments are comprised of cash, due from related parties, reclamation bonds, and accounts payable and accrued liabilities. The carrying value of cash, due from related parties, reclamation deposits, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

FORWARD LOOKING STATEMENTS

Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. All such statements, other than statements of historical facts, that address estimated resource quantities, grades, locations, geometry and contained metals, possible future mining, exploration and development activities, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward- looking statements.

Readers are cautioned not to put undue reliance on forward looking statements.

RISKS AND UNCERTAINTIES

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Availability of financing

There is no assurance that additional funding will be available to the Company for additional exploration or for the substantial capital that is typically required in order to bring a mineral project to the production decision or to place a property into commercial production. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Title matters

While the Company has performed its diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or other adverse land claims, and title may be affected by undetected defects.

Management

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

Environmental legislation

Environmental legislation is becoming increasingly stringent and the costs of compliance with environmental legislation are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated

Economics of developing mineral properties

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

With respect to the Company's properties, should any mineral resource exist, substantial expenditures will be required to confirm that mineral reserves which are sufficient to commercially mine exist on its current properties, and to obtain the required environmental approvals and permits required to commence commercial operations. Should any resource be defined on such properties, there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable, merchantable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (i) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (ii) availability and costs of financing; (iii) ongoing costs of production; (iv) market prices for the minerals to be produced; (v) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (vi) political climate and/or governmental regulation and control.

The ability of the Company to sell and profit from the sale of any eventual mineral production from any of the Company's properties will be subject to the prevailing conditions in the global minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long term viability of the Company and its operations.