



**Brionor Resources Inc.**  
**Management's Discussion and Analysis**  
of the  
**Financial Condition and Results of Operations**

**For the Three Months Ended**  
**November 30, 2016 and November 30, 2015**

## BRIONOR RESOURCES INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") has been prepared based on information available to Brionor Resources Inc. ("Brionor" or the "Company") as at January 26, 2017. The MD&A of the operating results and financial condition of the Company for the three months ended November 30, 2016, should be read in conjunction with the Company's condensed interim financial statements for the three months ended November 30, 2016 (the "Financial Statements") and the audited financial statements and the related notes for the year ended August 31, 2016. The Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### Nature of activities

Brionor is incorporated under the *Canada Business Corporations Act*. The Company is involved in the acquisition, exploration and development of mining properties primarily in Quebec.

On April 27, 2016, the Company completed the sale of the Pitt Gold Property to First Mining Finance Corp. ("First Mining") for an aggregate purchase price of \$1,250,000 of which \$1,000,000 of the purchase price was satisfied through the issuance of 2,535,293 common shares of First Mining, based on the 20-day VWAP and the remaining \$250,000 was paid in cash.

The Company is in the process of acquiring Atala Resources Corporation ("Atala"). During 2014 and 2015 the Company advanced funds to Atala to assist it in acquiring mineral properties in Argentina. During this time, the Company was unable to complete the acquisition due to poor equity markets and the advances were written down. In 2016 and the first quarter of 2017, the Company has assisted Atala with loans to complete the potential acquisition in this fiscal year.

### Exploration activities

The Company holds interests in the following mining properties, all of which are located in Quebec.

Properties	Interest %	Balance as at August 31 2015 \$	Sale of mining property \$	Expenditures \$	Write down / reclassification \$	Balance as at August 31 2016 and November 30, 2016 \$
<b>Quebec</b>						
Verneuil	50	1,630	-	-	-	1,630
Noyell	100	352	-	-	-	352
Pitt Gold	100	514,000	514,000	-	-	-
Matchi-Manitou	29	3,740	-	-	-	3,740
		<b>519,722</b>	<b>514,000</b>	-	-	<b>5,722</b>

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### **Pitt Gold – gold project**

The Company held a 100% interest in 24 claims located approximately 35 km north of Rouyn-Noranda, district of Abitibi.

On April 27, 2016, the Company completed the sale of the Pitt Gold Property to First Mining for an aggregate purchase price of \$1,250,000 of which \$1,000,000 of the purchase price was satisfied through the issuance of 2,535,293 common shares of First Mining, based on the 20-day VWAP and the remaining \$250,000 was paid in cash.

### **Noyell – gold project**

The Company holds a 100% interest in 49 claims located approximately 25 km south of Matagami, along the Douay-Cameron Corridor adjacent to the Vezza deposit, district of Abitibi. A 3% net smelter return royalty on future production is attached to the property.

On July 27, 2015, the Company and Wealth Minerals Limited ("Wealth"), announced that it has executed a definitive agreement to grant Wealth an exclusive option (the "Option") to acquire up to 100% interest in the Noyell Property (the "Property" or "Noyell") through issuance of the Wealth's common shares valued at \$850,000 over four years. Wealth may earn up to a 100% interest in three option stages through issuance of common shares valued at \$850,000 over four years. The Option does not require any cash payments and there are no exploration work commitments.

On August 11, 2015, the Company received 211,865 common shares from Wealth.

On July 27, 2016, Wealth provided a formal notification that pursuant to the Option Agreement, it would no longer proceed with its Year 2 option payment and therefore, the option agreement was terminated. In July 2016 Wealth and Brionor entered into a Quitclaim Deed and Assignment under which Wealth assigned, conveyed and quitclaims unto Brionor all of Wealth's rights, titles and interests in the Noyell property.

### **Verneuil**

The Company holds a 50% interest (SOQUEM 50%) in 34 claims located approximately 15 km to the east of the Lebel-sur-Quevillon, district of Abitibi. A 2% net smelter return royalty on future production is attached to the property. During the 2015 exploration season (ending January 2016) SOQUEM proposed an exploration work budget of \$550,000, on the property. SOQUEM spent approximately 16.5% or \$90,636 of the agreed upon budget. The executed program consisted of 3D - inversion analysis of previous induced polarization geophysical surveys conducted on the property, followed by sampling and mapping of the resultant targets.

### **Matchi-Manitou – copper, zinc, gold and silver project**

The Company holds a 29% interest in 29 claims located in Tavernier and Pershing townships, district of Abitibi. The joint venture partner is the exploration manager for the property and is currently inactive on the property.

### **Meridiano, Covadonga, El Monte and Gertudis**

On February 20, 2013, the Company entered into a letter agreement (the "Letter Agreement") with Atala Resources Inc. ("Atala"), a private Ontario mining exploration company which holds mining rights in Argentina, and the shareholders of Atala (the "Atala Shareholders") whereby Brionor proposed to acquire (the "Acquisition") all of the issued and outstanding shares of Atala (each an "Atala Share") for an aggregate purchase price of \$300,000 (the "Purchase Price") payable by the issuance of common shares of Brionor (each a "Brionor Share") at a deemed price of \$0.05 per Brionor Share. Under the Letter Agreement, each Atala Shareholder shall receive 0.4655373 of a Brionor Share for each Atala Share held, for a total of 6,000,000 Brionor Shares.

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On November 15, 2013, the Letter Agreement was amended to extend the closing date to May 31, 2014 and in addition the aggregate purchase price was increased to \$600,000 and the number of shares of Brionor to be issued was increased to 12,000,000. On March 17, 2014, the Letter Agreement was amended further to extend the closing date to April 30, 2014, which was further extended to December 31, 2014 and to August 31, 2015. On August 31, 2015 the Letter Agreement was allowed to lapse. The Company has converted the cash advances to Atala into a loan receivable and then provided for the advances receivable by recording a write-down of advances receivable. The other acquisition costs have been written off.

The Company and Atala re-entered negotiations for a revised transaction in which the initial step is to enter into a non-binding letter of intent. As part of these negotiations, the Company has been communicating with the TSX-V to receive their input to ensure the Company's regulatory filings comply with securities law to assist in assuring an expeditious transaction closing once the terms of the acquisition are agreed upon by the parties. As part of the negotiations, the Company advanced Atala \$76,000 during the year ended August 31, 2016 and \$19,924 during the three months ended November 30, 2016 to assist in financing the cost of the TSX-V's request for an updated NI 43-101 on the Argentinian mining rights held by Atala.

### Exploration and property outlook

The Company is currently reviewing other opportunities and projects to enhance its portfolio of exploration properties. The Company intends to develop exploration partnerships in order to minimize the risks related to mineral exploration and to accelerate the development of some of its properties.

### Qualified person

The above technical information was confirmed and/or reviewed by Michael Byron, Geologist, Director, qualified person under NI 43-101.

### Summary of quarterly results

	November 30 2016 \$	August 31 2016 \$	May 31 2016 \$	February 29 2016 \$
Total assets	2,270,329	2,323,329	1,800,553	529,321
Shareholders' equity	2,169,637	2,171,270	1,693,396	305,310
Total revenues	-	-	-	-
Net income (loss)	(2,631)	1,740,105	1,400,085	(23,138)
Net income (loss) per share <sup>2</sup>	0.00	0.04	0.03	(0.00)

	November 30 2015 \$	August 31 2015 \$	May 31 2015 \$	February 28 2015 \$
Total assets	556,482	572,086	784,897	781,336
Shareholders' equity	328,448	356,353	565,470	571,501
Total revenues	-	50,000	-	-
Net income (loss)	(27,904)	(297,406)	(4,031)	(66,653)
Net loss per share <sup>2</sup>	(0.00)	(0.01)	(0.00)	(0.00)

<sup>1</sup> The net income is derived from the sale of the Pitt Gold Property as well as the increase in the fair value of First Mining shares acquired as partial consideration from the sale of the Pitt Gold property.

<sup>2</sup> In periods of loss, net loss per share basic and fully-diluted are the same, as inclusion of options and/or warrants would be anti-dilutive.

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### **Liquidity, working capital and capital resources**

As at November 30, 2016, the Company had cash and cash equivalents of \$62,834 (August 31, 2016 - \$5,307) and a working capital surplus of \$2,163,915 (August 31, 2016 – a surplus of \$2,166,548), an accumulated deficit of \$2,733,067 (August 31, 2016 - \$2,730,436) and cash flow used in operations for the three months ended November 30, 2016 was \$101,319 (three months ended November 30, 2015 – positive \$584).

The Company's primary sources of cash include the sale and option of its mineral properties, the sale of short-term investments. The Company's primary uses of cash include exploration and transaction financing costs and corporate administration. The Company has experienced historic losses and negative cash flows from operations both of which have raised concerns regarding its ability to continue as a going concern.

#### **Investing activities**

During the 3 months ended November 30, 2016, the Company purchased 15,000,000 common shares of Northern Superior Resources Inc. ("Northern"). The Company sold 705,293 common shares of First Mining for gross proceeds of \$607,154 and sold 553,000 shares of Northern for proceeds of 20,005. The Company advanced \$19,924 to Atala.

The capital structure of the Company consists of all the components of shareholders' equity. To adjust or maintain its capital structure the Company may issue new common shares.

### **Shareholders equity**

#### **Share capital**

The Company is authorized to issue an unlimited number of common shares.

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<b>Balance at August 31, 2016 and November 30, 2016 and January 26, 2017</b>	<b>48,312,465</b>
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#### **Share based payments**

The Company has a 10% rolling stock option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors, management, company employees and consultants of the Company or of its subsidiary thereof options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board. The exercise price of each option may not be lower than the market price of the common shares at the time of the grant of the options.

The Plan is based on the number of common shares issued and outstanding. As at August 31, 2016, 2,550,000 options were outstanding with 2,550,000 exercisable and 2,281,247 left unallocated. Most stock options issued to date under the Plan vest in two installments over 12 months and expire five years from the date of grant.

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A summary of the outstanding stock options is presented below:

	Options #	Weighted average exercise price \$
<b>Outstanding, August 31, 2015</b>	<b>850,000</b>	<b>0.10</b>
Issued	1,900,000	0.05
Expired	(200,000)	0.10
<b>Balance, August 31, 2016, November 30, 2016 and January 26, 2017</b>	<b>2,550,000</b>	<b>0.06</b>
<b>Options exercisable at August 31, 2016, November 30, 2016 and January 26, 2017</b>	<b>2,550,000</b>	<b>0.06</b>

A summary of the outstanding stock options is presented below:

Date of grant	Remaining life	Number of options #	Exercise price \$
April 18, 2012	0.38 years	650,000	0.10
July 28, 2016	4.59 years	1,900,000	0.05
		<b>2,550,000</b>	

On June 28, 2016, the Company granted 1,900,000 stock options with an exercise price of \$0.05 and expiring on June 28, 2021. The options have been valued using the black-scholes method with a risk free interest rate of 0.55%, expected volatility of 219%, dividend yield of nil and an expected life of 5 years.

### Transactions with related parties

The Company defines its key management as the Board of Directors, Chief Executive Officer and Chief Financial Officer. For the three months ended November 30, 2016, \$22,000 was paid as management compensation (for the three months ended November 30, 2015 – \$5,000 and is included in trade and other payables). Share based compensation awarded to key management for the three months ended November 30, 2016 was \$nil (for the three months ended November 30, 2015 - \$nil). As at November 30, 2016, there is \$41,500 in accrued liabilities for fees owed to the CFO.

<b>For the three months ended November 30</b>	<b>2016</b>	2015
	\$	\$
Management fees	<b>18,000</b>	-
Professional fees	<b>4,000</b>	5,000
	<b>22,000</b>	5,000

During the year ended August 31, 2016, a loan was provided by Thorsen-Fordyce Merchant Capital Inc. (controlled by Lewis Lawrick, CEO) for the amount of \$29,000, \$1,500 was added to the loan during the three months ended November 30, 2016. The loan is non-interest bearing, unsecured and without fixed repayment terms. Subsequent to November 30, 2016 the loan has been repaid in full.

### Going concern assumption

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be

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able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the three months ended November 30, 2016, the Company had a net loss of \$2,631 (for the three months ended November 30, 2015 – a loss of \$27,904), had used cash in operations of \$101,319 for the three months ended November 30, 2015 – received \$584), and as at August 31, 2016, had an accumulated deficit of \$2,733,067 (August 31, 2016 - \$2,730,436) and a working capital surplus of \$2,163,915 (August 31, 2016 – a surplus of \$2,166,546). During the year ended August 31, 2016, the Company sold its interest in the Pitt Gold property for cash of \$250,000 and \$1 million of common shares on First Mining. Currently the Company has marketable securities with a total value of \$2,096,779.

To date there has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations; and the ability of the Company to raise alternative financing; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

### **Capital management**

The Company's objective in managing capital is to ensure continuity as a going-concern and to safeguard its ability to continue its acquisition and exploration programs as well as ensuring that all flow-through funds obtained are utilized in exploration activities and spent by the required deadline. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company defines its capital as the shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through share arrangements. These funds have to be incurred for eligible exploration expenses. The Company has respected these regulatory requirements.

### **Risk and uncertainties**

Brionor is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

#### **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

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### **Liquidity risk**

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash. As at November 30, 2016, the Company has \$62,834 in cash to settle current liabilities of \$100,692. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing and/or the sale of its assets to meet its capital requirements.

Additional risks are as disclosed in the audited financial statements of the Company for the year ended August 31, 2016.

### **Cautionary note regarding forward-looking information**

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, mine development costs, unit costs, capital costs, timing of commencement of operations and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

### **Additional information and continuous disclosure**

This MD&A has been prepared as at January 26, 2017. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Management's responsibility**

Management is responsible for all information contained in this MD&A. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Financial Statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Company's Board of Directors has reviewed and approved the condensed interim financial statements with management.

January 26, 2017.

(signed) "Lew Lawrick"  
Lew Lawrick  
President and Chief Executive Officer

(signed) "Errol Farr"  
Errol Farr  
Chief Financial Officer