



*(an exploration stage enterprise)*

**Management Discussion and Analysis**

**Three months ended March 31, 2017 and 2016**

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

**INTRODUCTION**

This MD&A has been prepared by management as at May 30, 2017 and was reviewed and approved by the Board of Directors on that date. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited condensed consolidated interim financial statements of Eros Resources Corp. (“Eros”, or the “Company”) and the related notes thereto for the three months ended March 31, 2017 and 2016, as well as in conjunction with the audited consolidated financial statements of Eros and the related notes thereto for the years ended December 31, 2016 and 2015, prepared in accordance with International Financial Reporting Standards (“IFRS”). The information provided herein supplements but does not form part of the financial statements. This discussion covers the three months ended March 31, 2017 and the subsequent period up to the date of issue of this MD&A. All monetary amounts are in Canadian dollars unless otherwise specified.

Additional information including financial statements and more detail on specific mineral properties discussed in this MD&A can be found on the Company’s website [www.erosresources.com](http://www.erosresources.com) and on the Company’s page at [www.sedar.com](http://www.sedar.com).

This MD&A contains Forward-Looking Information.  
Please read the Cautionary Statements on page 3 carefully.

## **FORWARD-LOOKING STATEMENTS AND INFORMATION**

*Certain information included in this MD&A contains forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws, including, without limitation, in respect of the Company's priorities, plans and strategies; potential outcomes of instances where governments have unilaterally withdrawn the Company's right to extract minerals from explored areas; and the Company's anticipated financial and operating performance and prospects. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected. This information speaks only as of the date of this MD&A. In particular, this MD&A contains forward-looking information pertaining to the following:*

- potential receipt of regulatory approvals, permits and licenses and treatment under governmental regulatory regimes;*
- potential reversal of, or receipt of compensation for, a government's withdrawal of the Company's right to extract minerals from explored areas;*
- the estimates of the Company's mineral resources;*
- expectations of market prices and costs; and*
- exploration, development and expansion plans and objectives.*

*We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; changes in law; the ability to implement business plans and strategies, and to pursue business opportunities; potential legal and regulatory claims, proceedings and investigations; disruptions or changes in the credit or securities markets; inflationary pressures; expropriation or prevention of access or use of the Company's assets, including the right to extract minerals from explored areas; and various other events, conditions or circumstances that could disrupt Eros' priorities, plans, strategies and prospects.*

*Shareholders are cautioned that all forward-looking statements and information involve risks and uncertainties, including those risks and uncertainties set out above and as detailed in Eros's continuous disclosure and other filings with applicable Canadian securities regulatory authorities, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements and information that may be made to reflect events or circumstances after the above-stated date or to reflect the occurrence of unanticipated event, except as otherwise required by applicable legislation.*

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

**THE COMPANY**

The Company's principal business activities include the acquisition, exploration and development of mineral resource properties in North America. The Company's corporate office is located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia. Eros is a Tier 1 company listed on the TSXV Exchange.

Eros has as its prime business objective the identification, acquisition and exploration of advanced projects with a North American focus. A secondary focus of the Company is to make strategic investments with a global focus and a diverse commodity base. The Board and management's expertise in the resource sector supports the selection of these strategic investments.

**OVERALL PERFORMANCE**

In the quarter ended March 31, 2017, Eros has capitalised on a number of strategic equity investments made in 2016, adding to its cash on hand. Combined with the beginnings of a recovery in the resource sector, these strategic equity investments resulted in significant gains for the Company's marketable securities portfolio, with realized gains of \$850,000 and additional unrealized gains of \$885,000 in the quarter ended March 31, 2017 (2016 - \$38,000 and \$490,000 respectively). In addition, the Company continued to monitor the situation with its Bell Mountain Project as a result of the US Navy's 2016 announcement of their planned expansion of the Fallon Range Training Complex. The Navy's plan, and the impact on Bell Mountain, is described in more detail under the Bell Mountain Project below. This announcement left the Company with strategic investments that were performing well, but with substantial uncertainty regarding one of its exploration/development projects.

On February 6, 2017, Eros announced that it has entered into an agreement to acquire a working interest in three vertical wells to be drilled on the Flaxcombe heavy oil field, wholly owned by Westcore Energy Ltd. ("Westcore"). Eros has invested \$1,600,000 to acquire a 90% working interest in the wells until its investment is recovered, and a 50% working interest thereafter. In addition, Eros maintains a right of first refusal to participate on two subsequent drill programs, to a maximum of \$1,600,000 per future drill-program. The current 3 well program is designed to drill offset locations to existing production wells at Flaxcombe. Drilling is expected to commence in June 2017, pending availability.

On February 8, 2017, Eros advised that it exercised two million warrants in Westcore at an exercise price of \$0.15. Through the exercise of these warrants, Eros's ownership of Westcore increased to four million common shares, representing 12.82% of the 31,193,689 outstanding shares of Westcore.

**OUTLOOK**

The Company, in reviewing its investments as well as its assessment of precious metal prospects, considers this to be a suitable time to identify and acquire advanced projects. It is Eros' intent to accelerate efforts to identify suitable projects for acquisition. Acquisition may be in the form of an equity interest in a company holding one or more projects, an earned interest in one or more projects, a business combination, or otherwise.

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

**EVENTS SUBSEQUENT TO MARCH 31, 2017:**

On April 12, 2017 Eros announced that it proposes to raise up to \$1.5 million through a non-brokered private placement financing via the issuance of 8.3 million units at a price of CDN \$0.18 per unit, subject to TSX Venture Exchange approval. Each unit will consist of one common share and one half of one share purchase warrant, with each full warrant entitling the holder to acquire one additional common share at an exercise price of \$0.25 for a period of 2 years from the closing date and \$0.30 for an additional year, up to 3 years from the closing date. Fees of up to 7% cash and 7% half-warrants may be paid to qualified finders.

**EXPLORATION AND EVALUATION ASSETS**

The exploration and evaluation asset spending to March 31, 2017 has been capitalized as follows:

	British Columbia	Saskatchewan	Quebec (Chateau Fort)	Newfound -land and Labrador	Nevada	<b>Total</b>
Balance at Dec. 31, 2016	\$ 6,500	\$ -	\$ 24,565	\$ -	\$ 3,072,023	\$ 3,103,088
Additions:						
Acquisition costs	-	-	-	-	50	50
Staking & maintenance	-	-	-	-	14,503	14,503
Geology/geophysics	-	-	-	-	91,185	91,185
Field support	-	-	-	-	18,944	18,944
Environmental and socioeconomic	-	-	-	-	43,565	43,565
Total additions for 2016	-	-	-	-	168,247	168,247
Balance at Mar. 31, 2017	\$ 6,500	\$ -	\$ 24,565	\$ -	\$ 3,240,270	\$ 3,271,335

**BELL MOUNTAIN and EASTGATE PROPERTIES, NV**

Eros holds 100% title to the Bell Mountain gold-silver property located in the Fairview mining district, southeast of Reno, Nevada, approximately 54 miles (86 kilometres) from Fallon, Nevada.

In August 2016, the Department of the Navy of the United States Department of Defense issued a notice of its intent to prepare an environmental impact statement ("EIS") regarding a proposed expansion of the Fallon Range Training Complex, and the resulting "withdrawal of public lands." The Company's Bell Mountain Project consists of unpatented mining claims which are located on federal lands within the proposed EIS area. As part of the process, the Company has been advised to cease work on the impacted land. The Company is presently evaluating the notice and is conferring with various parties regarding the purpose of the notice and the potential effect on current users of the public lands.

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

Surface activity on the Bell Mountain site will be restricted until the proposed expansion's impact on Eros is resolved. In order limit potential lost time during the US Navy's activity, and to assist Eros in establishing the value of the asset, the Board has approved the completion of a PEA for the project.

The Eastgate gold-silver property is situated in the Walker Lane, approximately 14.5 air miles (23.5 km) east-northeast from the Company's Bell Mountain property. The nearest town is Fallon, Nevada, about 63 road miles (101 km) to the west.

Pursuant to an agreement with Kermode Resources Ltd. ("Kermode"), Eros purchased a 45% interest in the Eastgate property for a total of US\$650,000. Kermode (15% owner) and Eros now have the right to jointly and equally participate in the remaining purchases of a 15% and a 25% property interest. Either party may elect not to complete its share of the purchases, in which case, the other party may complete the purchase on its own account. The parties also have the right at any time to call for a joint venture arrangement with Blue Mountain, the underlying vendor. To this end, discussions regarding a possible Joint Venture agreement have been initiated.

Preliminary analysis indicates that, while the Eastgate property is not captured by the planned expansion of the Navy training complex, it is anticipated that the potential loss of synergies with Bell Mountain will make the development of the Eastgate property alone more challenging.

## **BRITISH COLUMBIA PROJECTS**

### ***KET and REN claims***

The Company held a 100% interest in the Ket and Ren claims in southern British Columbia. Originally acquired for their uranium potential, exploration on these claims ceased immediately following the B.C. Government's announcement in April 2008 and the March 2009 Order in Council, effectively banning uranium and thorium exploration and development. In 2016, the Company was successful in obtaining compensation from the B.C. Government for the loss of its right to develop these properties, and in 2016 recorded a recovery of \$159,975 from the B.C. Government in relation to this matter.

### ***Golden Triangle***

The Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC. The purchase of these rights included a minor share position in SnipGold Corp. These SnipGold Corp. shares were sold for more than the cost of the total acquisition.

## **SASKATCHEWAN PROJECTS**

### ***Flaxcombe – heavy oil***

On February 6, 2017, Eros agreed to fund the drilling of three vertical wells into the Flaxcombe heavy oil field, owned by Westcore Energy Ltd. ("Westcore") at an estimated cost of \$1.6 million. This amount has been funded and is currently shown in prepaid expenses. According to the terms of the agreement with Westcore, Eros will hold a 90% working interest in the wells until its investment is recovered, and will

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

hold a 50% interest thereafter. In addition, Eros retains a right of first refusal to participate on the same terms on two subsequent drill programs on the Flaxcombe field. Westcore is a related party by virtue of having a director in common with the Company.

***Athabasca Basin Projects***

Anthem holds an interest in two Joint Venture agreements with Denison Mines Corp. In addition, the Company holds NSR royalty interests in several properties in Saskatchewan.

The properties were selected to target an unconformity-type or basement-hosted uranium deposit at or near the contact between the Athabasca sandstones and underlying basement rocks, similar to the nearby world-class Key Lake, Cigar Lake and McArthur River deposits. Due to dilution of the Company's interests coupled with continued challenges in the uranium exploration markets, the Company wrote down the value of its Saskatchewan exploration properties in 2016.

***DENISON JOINT VENTURE***

***Hatchet Lake and Murphy Lake*** - At the end of 2016, Eros held 29.89% and 21.04% interests in the joint ventures respectively, located in the shallow, eastern portion of the Athabasca basin of Saskatchewan. The target is unconformity-type uranium deposits similar to the nearby McLean Lake mine. Denison Mines Corp. ("Denison") is the operator of the joint ventures. Eros believes that the uranium market will remain depressed for the foreseeable future and therefore has elected not to contribute to either program since 2015, resulting in dilution of the Company's interests. As a result, Denison is currently funding all exploration at the sites.

The **Hatchet Lake** property is located just 17 km north of the McClean Lake uranium mill owned by AREVA-Denison-OURD. Access is by winter road or aircraft.

The **Murphy Lake** property is located approximately 20 km north of the McClean Lake uranium mill. Highway 905 crosses the property but access to most of the targets is by winter road or aircraft.

Denison advised the Company that it had completed a nine-hole, 3,433 metre drill program on the Murphy Lake project during the first quarter, 2017. The program was designed to test high-priority geophysical and geological targets along strike of a previously announced mineralized zone that included highlight intercepts of 0.25% U3O8 over 6.0 metres (drill hole MP-15-03), 0.13% U3O8 over 14.5 metres (drill hole MP-16-11) and 0.19% eU3O8 over 2.9 metres (hole MP-16-08). Eros had previously declined to participate in funding this program and is awaiting a final report of the results from Denison.

**QUEBEC**

***Otish Mountains property***

The Company holds a 100% interest in the Otish Mountains uranium property.

In March, 2013, the government of Quebec announced it would conduct an impact study on the exploration and development of uranium in the province. The Bureau d'Audiences Publiques sur l'Environnement (BAPE) was given a mandate to complete this study and submitted their report to the Minister of Sustainable Development, Environment and the Fight Against Climate Change. In September 2015, the Minister then convened an interdepartmental committee to review the BAPE study. In the meantime, the government has said that no certificate of authorization will be issued for the exploration or development of uranium in Quebec until the study is well understood. As a result, Strateco Resources Inc., a uranium development company in Quebec, has sued the Government of Quebec for \$192M for the loss of its investment in the Matoush uranium project. The trial concluded on February 24, 2017 with a decision expected within six months. The Company continues to evaluate the changing circumstances in order to identify opportunities to obtain a return on its investment in the region.

***Chateau Fort gold property***

The Company completed substantial staking in late 2014 to nearly double the size of the Chateau Fort gold property held by its reacquired subsidiary Otish Minerals Ltd. The additional staking brought the property to 18,867 hectares in size following the discovery, by Visible Gold Mines Inc., of high-grade gold-copper-silver boulders at kilometre-147 and kilometre-150 along the newly constructed Route 167 Extension, a four-season road. The Chateau Fort gold property adjoins Visible Gold's property, as well as the past-producing, high-grade Eastmain gold mine of Eastmain Resources Inc. The claims were selected to cover prospective geology and geophysical trends from the Eastmain mine, as well as Au, Ag, Cu, Zn and As anomalies from proprietary, in-house surficial geochemical surveys (lake bottom, soil and stream sediments). Compilation work has identified at least eight high-priority targets for follow-up.

On March 23, 2015, the Company announced it had signed a binding letter of intent to option its Chateau Fort gold property to Tarku Resources Ltd. ("Tarku"). Under the terms of the agreement, Tarku can earn a 100% interest in the Property in return \$100,000 in cash and 8 million Tarku shares in staged payments over four years and a work commitment, subject to certain underlying diamond rights and Net Smelter Return Royalties. To date, \$15,000 cash has been paid and 2,000,000 shares of Tarku were issued to Eros under the agreement. During 2016, Tarku renegotiated the terms of the option on Chateau Fort Gold, dropping the requirement for further payments in cash or shares. In June 2016, the Company participated in a Tarku private placement, purchasing 1,300,000 units of Tarku at \$0.05 per unit. Each unit included one warrant, entitling the holder to purchase one common share of Tarku for \$0.10 for 24 months from closing. In addition, in 2016 Tarku repaid Eros for a promissory note in the amount of \$54,934 plus interest.

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

**RESULTS OF OPERATIONS**

**SUMMARY OF QUARTERLY RESULTS**

The following table reports selected financial information of the Company for the past eight quarters commencing with the reported financial information for the most recent quarter.

<b>Quarter ended</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>	<b>30-Sep-16</b>	<b>30-Jun-16</b>
Capitalized property acquisition and exploration costs	\$ 168,247	\$ (3,136,889) <sup>(3)</sup>	\$ 147,352	\$ 543,547
Revenue <sup>(1)</sup>	-	-	-	-
Net income (loss)	\$ 673,064 <sup>(2)</sup>	\$ (2,926,698) <sup>(3,4)</sup>	\$ (2,778)	\$ 44,428
Unrealized gain (loss) and transfer on marketable securities	\$ 538,528	\$ (3,245,199)	\$ 3,139,148	\$ 1,468,355
Comprehensive income (loss)	\$ 1,211,592	\$ (6,171,897)	\$ 3,136,370	\$ 1,512,783
Net Income (loss) per share	\$ 0.02	\$ (0.07)	\$ (0.00)	\$ 0.00

<b>Quarter ended</b>	<b>31-Mar-16</b>	<b>31-Dec-15</b>	<b>30-Sep-15</b>	<b>30-Jun-15</b>
Capitalized property acquisition and exploration costs	\$ 285,844	\$ (55,513) <sup>(5)</sup>	\$ 131,438	\$ 1,613,942 <sup>(6)</sup>
Revenue <sup>(1)</sup>	-	-	-	-
Net income (loss)	\$ (178,724)	\$ 630,058	\$ (392,971)	\$ (321,415)
Unrealized gain (loss) on marketable securities, net	\$ 490,077	\$ 168,690	\$ (99,984)	\$ (18,889)
Comprehensive income (loss)	\$ 311,353	\$ 798,748	\$ (492,955)	\$ (340,304)
Net income (loss) per share	\$ (0.00)	\$ 0.02	\$ (0.01)	\$ (0.01)

<sup>(1)</sup> The Company is in the exploration stage and has no revenue.

<sup>(2)</sup> Includes gain on sale of marketable securities of \$853,559

<sup>(3)</sup> Includes write down of Saskatchewan properties of \$3,212,756

<sup>(4)</sup> Includes gain on marketable securities, held for trading of \$489,927

<sup>(5)</sup> Includes write down of Webb River property of \$293,430.

<sup>(6)</sup> The Company acquired the Bell Mountain and Eastgate properties in Nevada.

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

***Discussion of variation in quarterly results***

Primary factors influencing the fluctuation in quarterly capitalized property acquisition and exploration costs include whether a new property was acquired, or whether an existing property was written down. Write downs, when they occur, and gains or losses on marketable securities – whether realized on sale, or held for trading, also tend to significantly impact net income (loss) and comprehensive income (loss). Unrealized gains or losses on “marketable securities, available for sale” significantly impact comprehensive income (loss).

***Loss for the Three months ended March 31, 2017***

Net income of \$673,064 (Q1 2016 – loss of \$178,724) was recorded for the three months ended March 31, 2017 (“Q1 2017”) primarily due to the gain on sale of marketable securities of \$853,559 (Q1 2016 - \$37,763). When compared with the quarter ended March 31, 2016, a significant increase in wages occurred in Q1 2017 due to the retention of new management. The loss on foreign exchange decreased substantially, from \$157,598 in Q1 2016, to \$13,082 in Q1 2017 as a result of decreased exposure to currency fluctuations.

In addition, a sizeable increase occurred in the unrealized comprehensive income on “marketable securities, available for sale,” from a gain of \$490,077 in Q1 2016 to a gain of \$885,359 in Q1 2017, adding substantially to the comprehensive loss for the 2017 period.

***Cash flows for the three months ended March 31, 2017***

Cash used in operating activities was \$1,808,188 for the three months ended March 31, 2017 as compared with the \$343,393 used in Q1 2016, for reasons explained in the loss for the three months ended March 31, 2017 section, above. In addition, the increase in prepaid expenses due to the agreement to fund exploration activities on the Flaxcombe project added significantly to the cash outflow from operations. In the 2015 period, funds invested in marketable securities resulted in the acquisition of Boss Power, and the significant \$14 million cash inflow as a result of that transaction. In 2016, Eros continued to invest the proceeds from the acquisition of Boss Power into marketable securities and evaluation and exploration. In 2016 and 2017, there was no reverse-takeover transaction, but purchases and sales of marketable securities transactions continued. In 2017, the sale of marketable securities added substantially to cash generated by investing activities.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2017, the Company had working capital<sup>1</sup> of \$4,109,451 as compared to working capital of \$3,880,224 at December 31, 2016, representing an increase in working capital, and in liquidity, of

---

<sup>1</sup> Working capital is a non-GAAP measure and is defined as “current assets less current liabilities”

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

\$229,227 as investments in marketable securities were liquidated and reinvested in property investigations and prepaid expenses.

The Company's Nevada operations have programs budgeted at approximately \$600,000 for 2017. Programs include completion of a Preliminary Economic Assessment on Bell Mountain, environmental and weather data collection, database management of drill holes, surveys and assay data, interpretation of geologic mapping of all deposits completed in 2015 and support cost centres. Eros' Nevada base will continue to be used to evaluate advanced opportunities within the region.

A deferred income tax liability of approximately \$3.7 million is a result of the settlement with the Province of British Columbia. This liability can be eliminated by spending approximately \$13.6 million on Canadian acquisitions and exploration expenditures within the next 8 years.

The Company's ability to continue as a going concern is dependent on the ability of the Company to raise additional equity financing or the attainment of profitable operations. There are no assurances that the Company will be successful in achieving either one of these goals. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future, or under terms acceptable to the company. The Company's discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditures, and expenditures have been adjusted accordingly.

**RELATED PARTY TRANSACTIONS**

*Key management compensation*

Key management personnel at the Company are the directors and officers of the Company. The remuneration of key management personnel during the three months ended March 31, 2017 and 2016 was as follows:

	Three months ended March 31,	
	2017	2016
Share-based compensation	\$ -	\$ -
Director remuneration	\$ 22,710	\$ 12,315
Officer remuneration	\$ 84,780	\$ 26,170

Remuneration consists exclusively of salaries, bonuses, health benefits and consulting fees.

Related party transactions are measured in the normal course of business at the exchange amount as agreed by the parties.

In relation to short term benefits as defined above: during the three months ended March 31, 2017, Keewatin Consultants (2002) Ltd was paid \$13,500 (2016: \$13,500) for services of the Mr. Netolitzky as Chief Executive Officer during 2016 and as a Director and consultant in 2017. Ron Stewart was paid \$68,981 (2016: \$3,105) for services as the Chief Executive Officer during 2017 and Director in 2016, Forde Management & Associates Ltd. was paid \$nil (2016: \$7,280) for services of the Chief Financial

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

Officer, Andrew MacRitchie was paid \$15,800 (2015: \$nil) for services of the Chief Financial Officer. Each of the directors who were not otherwise compensated in cash were paid \$1,000 per month for their service. Other than the amounts disclosed above, there were no short-term employee benefits or share-based payments paid to key management personnel during the three months ended March 31, 2017 and 2016.

In addition, \$6,900 (2016 - \$10,600) was paid to Skeena in exchange for office rent and certain administrative and accounting services provided to the Company.

The Company subscribed for 18,750,000 units of Skeena at a price of \$0.08 per unit, in a private placement which closed on July 22, 2016. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant is exercisable for a period of three years at \$0.12 in the first year, \$0.14 in the second year, and \$0.16 in the third year.

On February 8, 2017, Eros exercised two million warrants in Westcore at an exercise price of \$0.15. Prior to the transaction, Eros owned two million common shares of Westcore, and two million warrants, exercisable at \$0.15 for common shares of Westcore. This represented a 6.85% undiluted, or 12.82% partially diluted ownership percentage of Westcore. Through the exercise of these warrants, Eros's ownership of Westcore increased to four million common shares, representing 12.82% of the 31,193,689 outstanding shares of Westcore. The Company has no remaining Westcore warrants.

See also notes 7, 8 and 11 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and 2016: Note 7, in relation to the earning of an interest in a property of Skeena's; Note 8 in relation to the Chateau Fort gold property, optioned to Tarku, and the Flaxcombe project interest acquired from Westcore; and Note 11 in relation to promissory notes receivable from Tarku and Lincoln. Skeena, Tarku, Westcore, and Lincoln each are related to Eros by virtue of having at least one director or officer in common with Eros.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**PROPOSED TRANSACTIONS**

There are no proposed transactions apart from the pending private placement disclosed above.

**NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE**

Certain new standards, interpretations and amendments to existing standards are not yet effective and have not been applied in preparing these financial statements. These standards are described in note 3 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and 2016.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Fair Values**

The Company's carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

### **Credit Risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The total exposure of the Company to credit risk is represented by the carrying value of cash and cash equivalents and accounts receivable as shown in the balance sheet.

### **Interest Rate Risk**

Included in the income for the year in these financial statements is interest income on Canadian dollar cash and cash equivalents. If interest rates throughout the period ended March 31, 2017 had been 10 basis points (0.1%) lower (higher) then net income would have been approximately \$100 lower (\$100 higher).

### **Liquidity Risk**

The Company is subjected to liquidity risk to the extent of its accounts payable and accrued liabilities only. These amounts, as shown in the Company's balance sheet, all mature within 90 days of March 31, 2017.

## **RISKS AND UNCERTAINTY**

Success in the mining exploration business is measured by a company's ability to raise funds, secure properties of merit and, ideally, identify commercial deposits on one of its properties. The attainment of these objectives is influenced by many factors not necessarily within management's control.

Risk factors include political risks and government interference, the establishment of undisputed title to mineral properties, environmental concerns and obtaining governmental permits and licenses when required.

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing far greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire, explore and develop properties in the future.

The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, metal prices and perceptions as to market trends.

The Company limits its exposure to credit loss by placing its cash with major financial institutions.

The investment in expenditures on exploration and evaluation assets comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the

**EROS RESOURCES CORP.**  
**Management Discussion and Analysis**  
**March 31, 2017**

---

establishment of legal ownership, and either the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored ultimately develop into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or will be written off if the properties are abandoned and the claims are allowed to lapse.

**CONFLICTS OF INTEREST**

Some of the directors of the Company are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest. In particular, one of the consequences will be that corporate opportunities presented to a director of the Company may be offered to another company or companies with which the director is associated, and may not be presented or made available to the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the Business Corporations Act (British Columbia), applicable securities law, and the procedures prescribed in the corporate governance guidelines published by the BCSC and TSX-V.

**OTHER MANAGEMENT'S DISCUSSION AND ANALYSIS**

Additional disclosure for venture issuers without significant revenue:

Capital Stock updated to May 30, 2017:

Authorized:

Unlimited number of voting common shares

Unlimited number of redeemable, retractable, convertible, preferred shares

Issued: 41,866,354 common shares

Options:

525,000 at \$0.1333 until March 10, 2019

225,000 at \$0.16 until May 22, 2019

375,000 at \$0.1733 until June 3, 2020

675,000 at \$0.1733 until June 5, 2020

1,325,000 at \$0.20 until August 16, 2021

3,125,000

Fully diluted: 44,991,354 common shares