EROS RESOURCES CORP

(an exploration stage enterprise)

Management Discussion and Analysis

Six months ended June 30, 2018 and 2017

INTRODUCTION

This MD&A has been prepared by management as at August 29, 2018 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 interim consolidated financial statements of Eros Resources Corp. ("Eros", or the "Company") and the related notes thereto for the six months ended June 30, 2018 and 2017, as well as in conjunction with the audited consolidated financial statements of Eros and the related notes thereto for the years ended December 31, 2017 and 2016, 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 six months ended June 30, 2018 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 and oil and gas projects discussed in this MD&A can be found on the Company's website www.erosresources.com and on the Company's page at 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 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;*
- *the estimates of the Company's mineral resources or oil and gas reserves;*
- *expectations of market prices and costs of production, reclamation, operation and otherwise; and*
- *exploration, development and expansion plans, objectives and results.*

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, outcomes or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events, outcomes 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; 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. 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 legislations.

THE COMPANY

The Company's principal business activities include the acquisition, exploration and development of mineral and oil and gas 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 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.

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, including a proposed withdrawal and reservation for military use 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 a result, surface activity on the Bell Mountain site has been prohibited by the Navy during the EIS period.

On May 4, 2018, the Bureau of Land Management ("BLM") published two notices in the Federal Register related to the Navy's proposed expansion of the Fallon Range Training Complex. The revised proposal increases the proposed net withdrawal of public lands, but includes the concept that the proposed withdrawal of land will be "subject to valid existing rights." The Company is seeking additional explanation of this new information.

On July 10, 2018, the Bureau of Land Management ("BLM") announced that it had submitted an application withdraw 769,724 acres for land management evaluation purposes for up to four years from all forms of appropriation under public land laws, subject to valid existing rights. The Navy explained the purpose of the withdrawal is to maintain "current environmental baseline conditions, relative to mineral exploration and development, subject to valid existing rights," in support of a possible legislative transfer of land to the Department of Navy in furtherance of the Navy's proposed expansion of the Fallon Range Training Complex.

In August 2018, the Company completed its Plan of Operations for the Bell Mountain project and has submitted the plan to the Bureau of Land Management, and the Bureau of Mining Regulation and Reclamation.

In order to limit potential lost time during the US Navy's activity, and to assist Eros in establishing the value of the asset, the Board of Directors of the Company approved the completion of a preliminary economic assessment ("PEA") for the project, a copy of which is available on the Company's website and on the Company's page at www.sedar.com. Results, announced on October 11, 2017, included an NPV of USD $17.6 million, an IRR of 41.4% and a payback period of 1.7 years. Pre-production capital expenditure was estimated to be USD $18.5 million. The PEA assumed a gold price of $1,300/oz and a silver price of $17.50/oz.

While not assured, the Company has a history of successfully obtaining compensation from governments when exploration rights are infringed upon. Should the expansion of the Fallon Range Training Complex cause the Company's exploration rights or water rights to be rescinded or otherwise further infringed upon, the Company intends to seek appropriate compensation.

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. As permitted under the agreement, the Company has notified all parties that it has called for a joint venture to be formed, and so the Company now has a 45% working interest in the Eastgate project. Blue Mountain, the underlying vendor, has a 40% working interest plus an underlying royalty.

As there exist serious concerns that the Navy may prevent the Bell Mountain project from proceeding, exploration will proceed on Eastgate as a standalone project. 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

Golden Triangle

In 2016, the Company purchased a 5% minor investment interest in certain properties in the Golden Triangle area of northwest BC, near the past producing Snip mine. 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

Athabasca Basin Projects

The Company 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.

Denison Joint Venture

Hatchet Lake and Murphy Lake - Eros holds 29.85% and 17.42% 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 in the potential of the area and therefore has elected to maintain its interest by funding planned exploration programs for 2018. The Company has recently been informed that Denison has elected to defer the approved 2018 exploration program.

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

Eros is pleased to report that it will participate in funding of the Hatchet Lake Joint Venture (29.85%) and Murphy Lake Joint Venture (17.42%) for the 2018 season after not participating for a number of years. This is in part based on a review of technical results on Hatchet Lake prepared by Dave Billard P.Geo.

The Joint Venture Budget for Hatchet Lake is $284,696 (Eros' share $84,982) and for Murphy lake $10,000 (Eros' share $1,742). Denison remains the operator.

The Hatchet Lake property is considered prospective for uranium as well as base and precious metals. Historic drill holes have reported U, Ni, Co, Cu, Au and Ag enrichment. The proposed ground geophysical program will cover areas prospective for the above metals. Historic holes on the property have reported:

4.9% Ni, 6.1% Co over 5 metres
5.9% Cu over 2 metres
21.5 g/t Au over 1 metre
19.6 g/t Ag, 3.3% Pb, 0.27% Zn over 9.6 metres

The JV agreed to expand the program slightly by reviewing historic core, especially sulphide intersections for additional base or precious metal enrichment. The base metal and precious metal enrichment in the unconformity setting has been recognized for a long time, however, the recent price performance of Co has renewed the Company's interest in the area's potential.

Oil and gas interests

Flaxcombe Heavy oil field

The Company has invested in heavy oil production in the Flaxcombe Field in the Kindersley area of Saskatchewan by funding the drilling of three wells by Westcore, a related party in which the Company also holds a significant equity position. Eros receives 90% of revenue from the wells until pay back of expenditure is received. Eros also has a right of first refusal to participate in drilling further wells with Westcore.

The drilled wells have not been on sustained production over sufficient time to accurately predict their future economics. The current quarter has shown low production due to one of the well pumps failing during spring breakup. During this period, road bans were in effect that prevent heavy traffic from using certain roads. As a result, Westcore was unable to have a service rig attend the well to repair the pump for approximately two months.

In 2017, the Company agreed to lease 415 hectares of land near its Flaxcombe wells from a third party, for a 2-year period with an option to extend the lease for an additional 2 years. The Company also acquired 2-d and 3-d seismic data for the region and had it analysed in order to help identify potential drilling targets. These activities provided the Company with alternative potential drilling targets and helped decrease the Company's future tax liability.

QUEBEC

Otish Mountains property

The Company held a 100% interest in the Otish Mountains uranium property. With the moratorium on uranium development in Quebec, during the year ended December 31, 2017, the Company allowed its claims on the Quebec properties to expire, and recorded an impairment loss of $24,565. The Company continues to evaluate the changing circumstances in this area 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 and follows 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, an all-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 has 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. $15,000 cash was paid and 2,000,000 shares of Tarku were issued to Eros under the agreement. During 2016, Tarku repaid a promissory note owed, and renegotiated the terms of the option on Chateau Fort Gold, dropping the requirement for further payments in cash or shares.

Eros retains a 2% Net Smelter Return Royalty on claims not subject to other underlying agreements, of which 1% can be bought down for payment of $2 million. In addition, Eros retains the right to maintain its pro rata percentage ownership of Tarku via future financings, and retains a right of first refusal on third party offers to purchase the Property.

EXPLORATION ON SKEENA RESOURCES PROPERTY

In April 2015, the Company entered into an arrangement with Skeena Resources Limited ("Skeena") to earn an interest in Skeena's Spectrum-GJ property by spending $1,500,000 on exploration. The arrangement contained exclusivity terms and a conversion option. The funds were to be used exclusively for exploration activities that qualify as eligible Canadian Exploration Expenditures ("CEE"). Upon completion of the earn-in the parties had 30 days to negotiate a joint venture agreement, whereby Skeena would continue to be the operator and the Company would contribute its proportionate share of funding to maintain its 8.7% interest in the property. Since the Company and Skeena did not negotiate a joint venture agreement, the 8.7% interest was converted to 2,500,000 common shares of Skeena in April 2016.

In addition, the Company subscribed for 1,428,571 shares of Skeena at a price of $0.70 per share, in a private placement which closed on March 29, 2018. Skeena is a related party as it has two directors and one officer in common with Eros.

OVERALL PERFORMANCE

The quarter ended June 30, 2018 was comparable to the quarter ended March 31, 2018. Start-up issues continued to linger, hampering production at Flaxcombe during spring-breakup, delaying repair of the issue until late May, and while the volatile equity market prevented the Company from realizing significant equity gains, the company's recovery of deferred income taxes helped reduce the net loss for the quarter.

By contrast, in the quarter ended June 30, 2017, Eros 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 $1.46 million in the quarter offset by unrealized losses on marketable securities of just $18,000 for the three months ended June 30, 2017.

In addition, the Company continues to monitor the situation with its Bell Mountain Project as a result of the US Navy's 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 above. The Company has completed its plan of operations for the Bell Mountain property, and considers that, in addition to the damage already done by delaying the project's advancement, the Navy's actions could result in an expropriation of Eros shareholders' assets. The Navy has not made any effort to mitigate or compensate for the delays and damages resulting from their actions. The Navy's announced expansion plans leave the Company with substantial uncertainty regarding the status of its rights to mine one of its exploration/development projects.

OUTLOOK

The Company is maintaining its three-pronged approach to creating shareholder value:

1. Acquiring partial or whole interests in a portfolio of advanced precious metal projects. 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.
2. Monitoring its existing portfolio of equity and project-investments, and seeking to maximize their value, either through divesting, exploring, combining, bringing to production or otherwise as appropriate. This includes progressing the Bell Mountain Project toward a construction decision, and seeking compensation from the Navy for damages incurred thus far due to delay of the project.
3. Collecting the anticipated proceeds from the three wells drilled at Flaxcombe as production is anticipated to increase, coupled with the increasing oil price.

The Company's focus remains on mineral exploration and development with our lead project remaining the Bell Mountain project. Due to the interference experienced, considerable effort has been made to identify other suitable mineral projects.

The Company has invested in non-core assets to help reduce the deferred tax liability and in an effort to obtain a return on cash. The Company's continuing involvement in the Flaxcombe oil field will depend on the return realized. Current oil field performance has been impacted by prices achieved, a temporary supply disruption, and uncertainty in markets due to pipeline issues.

EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation asset spending to June 30, 2018 has been capitalized as follows:

	British Columbia	Saskatchewan	Saskatchewan	Nevada	**Total**
Commodity	Gold	Heavy Oil	Uranium	Gold-Silver	
Balance at Dec. 31, 2017	$ 6,500	$ -	$ -	$ -	$ 6,500
Additions:					
Land costs	-	17,758	-	-	17,758
Staking & maintenance	-	-	3,960	-	3,960
Geology/geophysics	-	26,580	-	61,113	87,693
Field support	-	-	-	19,584	19,584
Environmental and socio-economic	-	-	-	2,431	2,431
Total additions for 2018	-	44,338	-	83,128	131,426
Balance at Jun. 30, 2018	$ 6,500	$ 44,338	$ 3,960	$ 24,470	$ 137,926

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.

Quarter ended		30-Jun-18		31-Mar-18		31-Dec-17		30-Sep-17
Increase (decrease) in mineral property acquisition and exploration costs	$	71,497	$	59,929	$	(4,312,940)	$	136,581
Capitalized oil property costs	$	-	$	-	$	175,245	$	1,493,741
Less impairment	$	-	$	-	$	(930,286)	$	-
Revenue[1]	$	64,806	$	109,452	$	227,377	$	138,142
Net income (loss)	$	(1,365,848)[2]	$	(620,785)[3]	$	(4,698,169)[4]	$	90,929
OCI: Unrealized gain (loss) and transfer on marketable securities	$	-	$	-	$	(815,617)	$	1,002,770
Other comprehensive income (loss)	$	(1,365,848)	$	(620,785)	$	(5,513,786)	$	1,093,699
Net income (loss) per share	$	(0.03)	$	(0.01)	$	(0.12)	$	0.03

Quarter ended		30-Jun-17		31-Mar-17		31-Dec-17		31-Sep-16
Capitalized property acquisition and exploration costs	$	911,524	$	168,247	$	(3,136,889)[7]	$	147,352
Revenue[1]		-		-		-		-
Net income (loss)	$	1,302,518[5]	$	673,064[6]	$	(2,926,698)[7,8]	$	(2,778)
OCI: Unrealized gain (loss) on marketable securities, net	$	(2,483,530)	$	538,528	$	(3,245,199)	$	3,139,148
Other comprehensive income (loss)	$	(1,181,012)	$	1,211,592	$	(6,171,897)	$	3,136,370
Net income (loss) per share	$	(0.03)	$	0.02	$	(0.07)	$	(0.00)

(1) The Company was in the exploration stage and had no revenue prior to Q3, 2017.
(2) Includes unrealized loss on marketable securities of $1,415,996
(3) Includes unrealized loss on marketable securities of $652,782
(4) Includes impairment of oil & gas assets of $1,186,320, and impairment of exploration assets of $3,597,462
(5) Includes gain on sale of marketable securities of $1,462,954
(6) Includes gain on sale of marketable securities of $853,559
(7) Includes write down of Saskatchewan properties of $3,212,756
(8) Includes gain on marketable securities, held for trading of $489,927

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 unrealized, also tend to significantly impact net income (loss) and comprehensive income (loss). Prior to December 31, 2017, unrealized gains or losses on "marketable securities, available for sale" significantly impact comprehensive income (loss). Subsequent to December 31, 2017, the new accounting standard IFRS 9 was adopted which caused a change in accounting treatment of unrealized losses on equity instruments. Unrealized gains and losses subsequent to December 31, 2017 are recognized as a component of net income or net loss.

Net Income for the three months ended June 30, 2018

A net loss of $1,365,848 (Q2 2017 – net income of $1,302,518) was recorded for the three months ended June 30, 2018 ("Q2 2018") primarily due to the unrealized loss on sale of marketable securities of $1,415,996 (Q2 2017 - $18,148), offset by a modest gain on sale of marketable securities of $58,587 (Q2 2017 - $1,462,954). When compared with the quarter ended June 30, 2017, Oil revenues are noted in Q2 2018, with no comparable revenue in 2017. Unfortunately due to a supply disruption, production for the quarter was roughly on a break-even basis. In addition, an decrease in wages occurred in Q2 2018 due to the retention of new management at a substantially lower cost. The gain on foreign exchange also decreased, from a gain of $33,199 in Q2 2017, to a gain of $12,288 in Q2 2018 as a result of a strengthening of the US dollar in both quarters, while the Company held cash in US dollars.

In addition, subsequent to December 31, 2017, the new accounting standard IFRS 9 was adopted which caused a change in accounting treatment of equity investments. Subsequent to December 31, 2017, unrealized gains and losses on equity investments are recognized as a component of net income or net loss. As a result, there were no items of comprehensive income in Q2 2018, whereas in Q2 2017 there were unrealized losses on marketable securities of $687,174, and a transfer of $1,449,525 in previously recognized gains from other comprehensive income to net income due to the sale of related securities.

Loss for the Six months ended June 30, 2018

A net loss of $1,986,633 (H2-17 - income of $1,975,582) was recorded for the six months ended June 30, 2018 ("H2-18"), primarily due to the unrealized loss on marketable securities of $2,068,778 (H2-17 - $17,330), partially offset by a $465,966 (H2-17 - $nil) recovery of deferred income tax. When compared with the six months ended June 30, 2017 ("H2-17"), there was a significant increase in wages from $169,234 in the prior year to $284,957 in H2-18 due a change in management. Reduced wages costs should be achieved on a go forward basis as one time costs were captured in the first quarter of 2018. The gain on sale of marketable securities in the six months ended June 30, 2018 was $66,857, significantly lower than the gain on sale of marketable securities of $2,316,513 for the six months ended June 30, 2017. In addition, Eros orchestrated a deferred income tax recovery of $412,087 in Q1 2018, with no comparable amount in Q1 2017. This recovery was due to subscriptions by Eros in flow-through private placements in Q1 2018, which acted to reduce the Company's deferred income tax liability.

Cash flows for the six months ended June 30, 2018

Cash used in operating activities was $443,644 for the six months ended June 30, 2018 as compared with the $1,245,408 used in the six months ended June 30, 2017. In addition to the fluctuations cited in the loss for the six months ended June 30, 2018 section, above, in the six months ended June 30, 2017, Eros increased prepaid expenses by $816,530 due to the agreement to fund exploration activities on the Flaxcombe project which added significantly to the cash outflow from operations. This ultimately became a cash outflow for investment purposes.

Eros continued to invest in marketable securities in the six months ended June 30, 2018 with acquisitions of $1.9 million, of which $1.7 million was invested in flow-through private placement financings with the goal of reducing the Company's future tax liability.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2018, the Company had working capital[1] of $1,614,478 as compared to working capital of $3,690,049 at December 31, 2017, representing a decrease in working capital, and in liquidity, of $2,075,571 as Eros invested in marketable securities.

The Company is budgeting administrative costs of approximately $250,000 for 2018, net of anticipated oil production gross profit. This amount excludes any purchases or sales of investments that may be made during the upcoming year, based on market conditions.

A deferred income tax liability of approximately $2.7 million is a result of deferring income tax on the proceeds of the settlement with the Province of British Columbia relating to the government's implementation of the ban on uranium mining in the province. This liability can be eliminated by spending approximately $10.3 million on Canadian acquisitions and qualifying exploration expenditures within the next 5 ½ 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. The Company does not expect to raise funds in the near future unless capital is required to fund a capital project with a high anticipated return including potentially drilling further oil wells.

[1] Working capital is a non-GAAP measure and is defined as "current assets less current liabilities"

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 six months ended June 30, 2018 and 2017 was as follows:

		Six months ended June 30,		
		2018		**2017**
Share-based compensation	$	**14,100**	$	-
Director remuneration	$	**24,420**	$	41,921
Officer remuneration	$	**31,600**	$	165,813

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 six months ended June 30, 2018, Keewatin Consultants (2002) Ltd was paid $nil (2017: $13,500) and Mr. Netolitzky himself was paid $3,000 (2017: $nil) for the services of Mr. Netolitzky as Chief Executive Officer (2018) and Director and consultant (2017). Ron Stewart was paid $nil (2017: $134,215) for services as the former Chief Executive Officer during 2018, Andrew MacRitchie was paid $31,600 (2017: $31,598) 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 six months ended June 30, 2018 and 2017.

In addition, $12,720 (2017 - $14,539) was paid to Skeena in exchange for office rent and certain administrative and accounting services provided to the Company.

The Company subscribed for 1,428,571 shares of Skeena at a price of $0.70 per share, in a private placement which closed on March 29, 2018, and for 1,875,000 units of Skeena at a price of $0.80 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 $1.20 in the first year, $1.40 in the second year, and $1.60 in the third year. Skeena and Eros have a director in common.

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.

During the quarter ended June 30, 2018, the Company showed $nil (Dec 31, 2017 - $56,014) in prepaid expenses and $45,795 (Dec 31, 2017 - $73,280) in accounts receivable from Westcore. The Company also received $ 173,334 (Jun 30, 2017 - $nil) in oil revenue, paid $21,136 (Jun 30, 2017 - $nil) in royalties and paid $163,691 (Jun 30, 2017 - $nil) for direct costs relating to oil production, all through Westcore.

See also Notes 6, 7, 8, 10 and 11 of the audited annual consolidated financial statements for the year ended December 31, 2017: Note 6 and 7, in relation to the earning of an interest in a property of Skeena's; Notes 7 and 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, and Westcore are each 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.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

IFRS 9, *Financial instruments,* was first adopted in the period ended June 30, 2018. A description of this standard and its impact on the financial statements is provided in note 3 of the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2018 and 2017.

Certain other 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 also described in note 3 of the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2018 and 2017.

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 its cash with high credit-quality financial institutions. The total exposure of the Company to credit risk is represented by the carrying value of cash and accounts receivable as shown in the balance sheet.

Liquidity Risk

The Company is subject 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 June 30, 2018.

Market risk
Market risk consists of interest rate risk, foreign currency risk and other price risk. Market risk to which the Company is exposed is as follows:

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 June 30, 2018 had been 10 basis points (0.1%) lower (higher) then net income would have been approximately $500 lower ($500 higher).

Foreign Currency Risk
The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. A 10% strengthening of the Canadian dollar against the US dollar would have decreased the Company's net income by $69,917 (December 31, 2017 - $90,186). A weakening of the Canadian dollar would have the opposite effect.

Other Price Risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are carried at market value, and are therefore directly affected by fluctuations in the market value of the underlying securities. Changes in market prices of securities in the portfolio have a material effect on net income (loss). A 20% increase in the market prices of the Company's available-for-sale marketable securities would have increased the Company's net income by $1,417,726 (December 31, 2017 - $1,197,286). A 20% decrease in the market prices of those securities would have decreased the Company's net income by the same amount.

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 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 *August 29, 2018*:

Authorized:

Unlimited number of voting common shares
Unlimited number of redeemable, retractable, convertible, preferred shares

Issued:	48,446,854	common shares
Options:		
	431,250	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
	450,000	at $0.1733 until June 5, 2020
	1,150,000	at $0.20 until August 16, 2021
	850,000	at $0.165 until August 29, 2022
	3,481,250	
Fully diluted:	51,928,104	common shares