



RIZAL RESOURCES CORPORATION

(formerly Cadan Resources Corporation)

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 and 2016**

This Management Discussion and Analysis (“MD&A”) of the financial condition and results of operations has been prepared as at November 28, 2017 and should be read in conjunction with Rizal Resources Corporation’s (the “Company” or “Rizal”) condensed consolidated financial statements for the periods ended September 30, 2017 and 2016, and the audited financial statements for the year ended December 31, 2016. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The condensed consolidated interim financial statements of the Company are presented on a consolidated basis with the Company’s 40% owned Philippine affiliates, Batoto Resources Corporation (“BRC”) and TMC Tribal Mining Corporation (“TMC”) and a wholly owned subsidiary, Tribal Processing Corporation, (collectively, the “Philippine Companies”) and wholly owned subsidiaries, Esperanza Capital Corp; Sabena Limited and its subsidiaries (Australian companies); Tribal Holdings Inc., Batoto Holdings Inc. and Philco Holdings Inc. (Canadian companies), in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein, and in this MD&A, are reported in Canadian dollars.

The Company is a reporting issuer in the provinces of British Columbia and Alberta in Canada, and is listed on the TSX Venture Exchange under the trading symbol RZL.

To assist shareholders and potential investors to learn more about Rizal and its mineral projects, the Company maintains a website that provides information regarding its Philippine gold-silver and gold stockworks, and porphyry skarn copper-gold and gold projects. Readers are encouraged to visit the site at www.RizalResources.com as well as review the Company’s press releases and other public filings available on SEDAR (www.sedar.com).

1. Forward Looking Statements

Certain information included in this MD&A, including management’s assessment of the Company’s future plans, constitutes forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable law.

2. Disclosure of Technical Information on Mineral Projects

References in this MD&A to mineral resources are estimates prepared pursuant to the requirements of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (“NI 43-101”) as in effect on the date of the estimates. The definitions of the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in, and are required to be disclosed by, NI 43-101.

Technical aspects of this MD&A were approved by Howard Lahti, BSc Geology, MSc Geochemistry, PhD Litho-Geochemistry, Registered Professional Geoscientist of New Brunswick, who is a Qualified Person as defined by NI 43-101.

3. Company Overview

The Company is engaged in mine development and exploration at its T’Boli gold mine and exploration of precious and base metals at its other project areas located in the Philippines. Its immediate corporate objective is to bring the T’Boli mine into profitable production and provide, from cash flow, an adequate budget for the systematic exploration of its other project areas.

The Company’s management and resources are currently focused on development, and exploration activities at the T’Boli gold-silver mine which is located in south-central Mindanao, Philippines. The project’s development activities include underground mine development, diamond drilling, mineralized rock production from development and stoping and processing of mineralized rock produced through the Company’s facility at T’Boli. Surface exploration at the Batoto-Tarale gold prospect, located in East Mindanao, remains at minimum levels of expenditure and there has been no expenditure required at the Comval project which is subject to the commercial arrangement with Metallum Limited (ASX: MNE) (“Metallum”).

4. Directors & Management

Mr. Peter Main	Director, President / Chief Executive Officer
Mr. Neil Grimes	Non-Executive Chairman
Mr. Steve Woods	Director
Mr. Ryan Sanders	Director
Ms. Richelle L. Singson Michael	Director
Mr. Derick Sinclair, CPA, CA	Chief Financial Officer ⁽¹⁾

(1)Mr. Sinclair resigned as at November 16, 2017

5. Corporate Activity

Rizal is very close to completing the rebuild of the company and its T'Boli project, the ramp up toward producing at 200t per day on a sustainable basis is well advanced. Once the project rebuild is complete, Rizal will turn its focus to repairing the balance sheet. The main objective in the September quarter 2017 was to see Rizal's T'Boli project ramp up toward commercial production and consequently start generating positive cashflow. During the period ended 30 September 2017, Rizal borrowed an additional Cdn\$2,785,817. The Company has commenced work on restructuring the balance sheet including ensuring Rizal is appropriately funded going forward. Rizal has continued to advance its T'Boli operation over the last year albeit at slow pace due to financial constraints.

6. Direction

Since the granting of the Declaration of Mining Project Feasibility ("DMPF") by the Philippine government, on October 10, 2012, the Company has advanced capital mine development, on-lode strike development, diamond drilling and establishment of stooping operations, utilizing small scale narrow vein mining methods.

However, the Company was forced to change direction primarily due to a number of issues including funding, operations, balance sheet and management resulting in the T'Boli operation being put on care and maintenance in 2014. The focus over the last 3 years has been to get Rizal back on track. The new management team appointed in September 2014 took the hard decision to restructure the Company which included a plan to restructure and rebuild the T'Boli Project and follow with restructuring Rizal's balance sheet. This involved rebuilding trust and credibility with the T'Boli community and establishing relationships with the Mayor, the Governor and Congressman of the region.

Operationally, the focus during 2017 to-date, the company has continued to advance the T'Boli. Project. Development of the first ore drives and preparation for stope development has continued as the mine is prepared to maximise output. Going forward for the remainder of 2017 the primary goal is to progressively ramp up production at the T'Boli project toward achieving the plant design of 200 tonnes per day (72,000tpa). Once the T'Boli operation is sustaining steady state output, planning and implementation of the restructuring of the balance sheet will commence.

7. Mineral Properties

The Company's material mineral properties are the T'Boli gold-silver deposit, the Batoto-Tarale gold prospect and its 20% interest in the Comval copper-gold deposits, all located on the Island of Mindanao in the Philippines. Currently, the Company's main focus is the development of the T'Boli epithermal gold-silver project.

T'Boli Gold-Silver Project

The T'Boli project is situated approximately 130 km southwest of Davao City, and 40 km west-northwest of General Santos City, in the Province of South Cotabato, Mindanao Island, Republic of the Philippines at 6.13' N latitude & 124.49' W longitude. TMC is the legal owner of licences covering the T'Boli project, and the Company holds rights in the project pursuant to a mineral processing option agreement with TMC under which it has an exclusive right to process mineralized rock from the TMC mineral areas consisting of 84.98 hectares MPSA No. 090-97-X1 and 2,908.24 hectares APSA No. 51-X1.

The T'Boli project consisted of a historical small underground mine, processing plant, accommodation complex and an assay laboratory constructed by the Company. Work on the project, had included the rehabilitation of an

underground mining tunnel known as the Beehive Adit and development of a new decline to access mineralized material on horizons below the historical workings. Prior to shutting the mine, only a small portion of the north and south vein systems had been developed. Rizal management recommenced work on the mine early in 2016, this process involved a complete overhaul of the plant to enable it to produce at a minimum of 200t per day and the development of a new decline and associated infrastructure at the mine. This resulted in the project beginning to access mineralised material late in 2016.

Operation Activity for the September 2017 quarter

- The production ramp-up continued during the September quarter with total gold produced (incl gold in circuit GIC) up 69% on the June 2017 quarter at 585oz.
- Gold sold totalled 373oz an increase of 8% on the June quarter. Silver sold for the quarter totalled 832oz which was an increase on the June quarter of 80%.
- Total gold and silver revenue totalled CAD587,456 for the quarter, while total operating costs were CAD884,920 delivering an operating loss CAD297,464.
- Throughput for the September quarter was 9,934t, which was 55% of plant design output, the main driver behind the result was slow progress in the mine development and contractor equipment availability and water ingress issues.
- Toward the end of the quarter the recoveries in the plant rose from 90% to 95%. The increase in recovery was primarily due to the increase in the grade.
- The driver behind the increase in grade was due to the mine progressing from mining remnant material to opening up and accessing virgin areas of the mine. Mining is going to continue to development the lower sections of the mine below all the old workings.
- Water ingress issues were alleviated late in the quarter through the purchase of several submersible pumps. These pumps will allow a sustainable water management program that ensures mining activities are not restricted in the short to medium term, while management seeks funding for its long-term solution.
- During the September quarter the mine commenced progressing toward partial owner mining as the operation move into a production phase now the first drives below the old workings have now been accessed. The ongoing infrastructure development will be maintained by the mining contractor.
- During the quarter there were three development drives opened including the 525 West, South Access west and east.
- Total metres advanced during the quarter in the decline was 216m verses a budget of 296m, while drive development totalled 40m for the period verses budget of 65m.

PRODUCTION AND SALES SUMMARY

Metal sales for the quarter ended September 30, 2017.

PRODUCTION AND SALES SUMMARY - GOLD

September 2017 Quarter

	Grams	oz.	Tons Milled	Ave. grade (grams/ton)	Total Proceeds	
					PHP	CDN(\$)
July	3,706.20	119.16	3,061.00	1.13	7,258,715.00	178,461.69
August	2,577.80	82.88	3,312.00	1.03	5,348,184.00	131,901.51
September	5,338.76	171.64	3,561.00	1.94	10,840,689.29	263,709.83
Total, 2017	11,622.76	373.68	9,934.00	1.39	23,447,588.29	574,073.03

Metal sales in Philippine Pesos and converted to Canadian dollars for the period ended September,30 2017:

PRODUCTION AND SALES SUMMARY - GOLD

For the year 2017

	Grams	oz.	Tons Milled	Ave. grade (grams/ton)	Total Proceeds	
					PHP	CDN(\$)
January	-	-	-	-	-	-
February	-	-	1,656.50	1.01	-	-
March	564.80	18.16	2,116.90	1.35	1,099,800.00	29,231.42
April	5,116.57	164.50	2,780.00	1.41	10,121,339.58	277,313.69
May	1,577.60	50.72	941.40	2.10	3,099,060.00	83,636.77
June	4,075.27	131.02	3,309.00	1.56	7,891,260.95	203,325.37
July	3,706.20	119.16	3,061.00	1.13	7,258,715.00	178,461.69
August	2,577.80	82.88	3,312.00	1.03	5,348,184.00	131,901.51
September	5,338.76	171.64	3,561.00	1.94	10,840,689.29	263,709.83
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
Total, 2017	22,957.00	738.08	20,737.80	1.42	45,659,048.82	1,167,580.27

Financial Data

The following selected financial information for the eight previous quarters is derived from the consolidated financial statements of the Company prepared in accordance with IFRS.

	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 2016
Total assets	13,233	12,085	10,042	9,462
Working Capital (deficiency)	(24,900)	(22,999)	(20,222)	(17,967)
Net Income (loss)	(2,185)	(1,122)	(1,224)	(770)
Other Comprehensive Income (loss)	n/a	n/a	n/a	n/a
Basic earnings/(loss) per share	(0.01)	(0.00)	(0.01)	(0.00)
Diluted earnings/(loss) per share	n/a	n/a	n/a	n/a

	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016	Three Months Ended December, 2015
Total assets	6,980	6,448	5,639	5,140
Working Capital (deficiency)	(16,480)	(15,539)	(15,789)	(13,565)
Net Income (loss)	(110)	(1,548)	(1,385)	(3,476)
Other Comprehensive Income (loss)	n/a	n/a	n/a	n/a
Basic earnings/(loss) per share	(0.00)	(0.01)	(0.01)	(0.05)
Diluted earnings/(loss) per share	n/a	n/a	n/a	n/a

Results of Operations for the three months ended September 30, 2017, compared with the three months ended September 30, 2016.

For the three months ended September 30, 2017, the Company reported consolidated net loss of \$2,184,928 (September 30, 2016 - \$2,025,121) a unfavourable variance of \$159,807. The unfavourable variance is primarily the result of increased expenditure related to capital items purchased for the operation as the company transitions towards owner mining. Further explanations of the variances are detailed below.

Operating expenses unfavourable variance \$50,372.

- Repairs and maintenance \$838,614 (September 30, 2016 – Nil) an unfavourable variance of \$838,614. The marked increase in repairs and maintenance was due to the significant rebuild of the plant and total redevelopment of the mine.
- Consulting fees for the three-months ended September 30, 2017 \$84,333 (September 30, 2016 - \$344,587) a favourable variance of \$260,254 as a result of a reduction in expatriate employees and consultants.

Partially offset by:

- Exploration and evaluation recovery of \$7,982 (September 30, 2016 – expense of \$375,299) an favourable variance of \$383,281. Due to limited capital and the focus on the development of the T'Boli project has resulted in a sharp reduction in exploration activities.
- Bank Charges and interest \$608,704 (September 30, 2016 - \$758,167) a favourable variance of \$149,463. Decrease is due to debt settlement by equity issuance in the prior period.

Other items favourable variance \$107,011

- Accretion of site reclamation liability of \$3,671 (September 30, 2016 - \$Nil) an unfavourable variance of \$3,671.
- Foreign exchange losses of \$962,848 (September 30, 2016 – losses of \$549,506) an unfavourable variance of \$413,342 resulting from the weakening of the Philippine peso against the US dollar during the period.

Partially offset by:

- Incidental revenues \$486,154 (September 30, 2016 - \$184,311) favourable variance of \$301,843 from the processing of mineralized developmental material. Prior period's incidental revenues were offset against exploration and evaluation expenses due to the T'Boli project being in exploration phase during the prior period.
- Deferred income tax expense of \$2,424 (September 30, 2016 – expense \$Nil), an unfavourable variance of \$2,424.

Liquidity and Capital Resources

At September 30, 2017, the Company had a working capital deficit of \$24,899,706 (December 31, 2016 - \$17,966,504), consisting of overdrawn cash of \$1,538,837 (December 31, 2016 – cash of \$418,163), amounts and advances receivable of \$429,255 (December 31, 2016 - \$259,279), prepaid expenses and other assets of \$1,062,623 (December 31, 2016 - \$915,751), accounts payable and accrued liabilities, due within three months, of \$10,636,442 (December 31, 2016 - \$6,209,390), loans payable of \$6,664,822 (December 31, 2016 - \$3,142,681), convertible notes of \$5,407,701 (December 31, 2016 - \$4,740,666), and due to related parties of \$5,315,997 (December 31, 2016 - \$5,561,501).

At September 30, 2017, the Company had total principal, interest and royalties owing to Mighty River of \$5,315,997 (US\$4,142,706) (December 31, 2016 - \$5,458,921 (US\$4,142,706)).

Financial Instruments

The Company has classified its cash as fair value through profit or loss “FVTPL”; loan to Agusan, as available-for-sale “AFS”; amounts and advances receivable (excluding GST receivable), as loans and receivables; and accounts payable and accrued liabilities, loans payable, convertible notes and due to related parties, as other financial liabilities.

The carrying values of amounts and advances receivable (excluding GST receivable), accounts payable and accrued liabilities, approximate their fair values due to the short terms to maturity of these financial instruments. The loans payable have been valued using the effective interest rate method.

The carrying values of convertible notes were determined, in accordance with Level 2 of the fair value hierarchy, by discounting the face value of the notes over the terms of each note by a discount rate of 60%, and accreting the discount over the respective term to the anticipated conversion date of the notes.

During the year ended December 31, 2014, uncertainty around the collection schedule for the Agusan loan resulted from Metallum Limited (“Metallum”) putting the project on care and maintenance status. Metallum continues to have the project on care and maintenance and as a result, at September 30, 2017, the carrying value of the loan to Agusan continues to be impaired to \$nil, in accordance with Level 3 of the fair value hierarchy.

Credit risk

The Company is exposed to credit risk with respect to its cash. Cash has been placed on deposit with major Canadian and Philippine financial institutions. The risk arises from the non-performance of counterparties of contractual financial obligations.

The Company manages credit risk, in respect of cash, by maintaining deposits at major financial institutions with strong investment-grade ratings.

Concentration of credit risk exists with respect to the Company's cash, as the majority of the amounts are held with only a few Canadian and Philippine financial institutions. The Company's concentration of credit risk and maximum exposure thereto, is as follows:

	September 30, 2017		December 31, 2016	
Canadian dollar equivalent				
Australian dollar	\$	17	\$	164,768
Canadian dollar		551,876		7,319
Philippine peso		986,962		246,076
Total cash	\$	1,538,854	\$	418,163

The Company is also exposed to credit risk with respect to its amounts and advances receivable and loan to Agusan. The Company actively monitors the financial status of Agusan and Metallum to minimize the credit risk related to this loan. Other amounts receivable relate to input tax credits and advances to suppliers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair values as of September 30, 2017 and 2016. Future cash flows from interest income on cash are not expected to be material. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

The Company's convertible notes, loans payable and due to related parties are at fixed rates of interest.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash, accounts payable and accrued liabilities, and amounts due to related parties, as a portion of these amounts are denominated in Philippine pesos, Australian dollars ("AU") and US dollars as follows:

	September 30, 2017	December 31, 2016
Canadian dollar equivalent		
<u>Philippine Pesos</u>		
Cash	\$ 934,211	\$ 246,076
Accounts payable and accrued liabilities	(5,181,603)	(3,641,516)
<u>AU\$</u>		
Cash	17	164,768
Accounts payable and accrued liabilities	(1,874,620)	(1,289,585)
Loans payable (note 14)	(529,527)	-
Due to related parties (note 12)	-	(102,580)
Convertible notes (note 9)	(2,028,508)	(1,651,461)
<u>US\$</u>		
Cash	602,266	-
Accounts payable and accrued liabilities	(757,876)	(479,373)
Loans payable (note 14)	(5,639,803)	(2,642,817)
Due to related parties (notes 10)	(5,315,997)	(5,458,921)
Net exposure		
Canadian dollar equivalent	\$ (19,791,440)	\$ (14,855,409)

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

A 1% fluctuation in the value of the Philippine peso, Australian dollar and US dollar at September 30, 2017 would result in a change to net loss and comprehensive loss of approximately \$198,000 (December 31, 2016 - \$149,000).

(ii) 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.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Accounts payable are all due within thirty days and amounts due to related parties, excluding convertible notes due to related parties and amounts due under the credit facilities, are without specific terms of repayment; however, they are expected to be repaid within one year.

The Company will require significant cash funding to conduct its exploration programs, meet its administrative overhead costs, meet its repayment obligations, maintain its resource interests and bring its T'Boli gold processing operation to full production capacity. This will require the Company to obtain additional financing.

Financial Condition and Capital Resources

During the period ended September 30, 2017, the Company continued to provide financial support to the Philippine companies, in particular, its partially-owned affiliates, BRC in the Comval in eastern Mindanao and in T'Boli, in southwestern Mindanao.

At September 30, 2017, the working capital deficit was \$24,899,706 (December 31, 2016 - \$17,966,505), which includes the convertible notes of \$5,407,701 (December 31, 2016 - \$4,740,666), advances against the credit facility due to related parties \$5,315,997 (December 31, 2016 - \$5,561,501) and other loans of \$6,664,822 (December 31, 2016 - \$3,142,681).

Related Party Transactions and Balances

At December 31, 2016, the Company owed \$6,758,337 (2016 - \$6,359,514) to related parties, of which amounts owed to officers and directors included in accounts payable, are as follows:

	September 30, 2017	December 31, 2016
Officers and directors for:		
Consulting and directors fees	\$334,100	\$678,952
Reimburse expenses	136,977	7,450
Convertible notes (note 8)	282,183	111,611
Due to related parties	5,315,997	5,561,501
	\$6,069,257	\$6,359,514

During the three months ended September 30, 2017 and 2016, the Company incurred key management compensation during the year, including the issuance of 3,000,000 shares in the prior period to its CEO in accordance with his contract. The shares were valued at \$150,000, the trading price at the time of issue. The following table describes the key management compensation during the nine months ended September 30, 2017 and 2016:

	September 30, 2017	September 30, 2016
Short-term benefits paid or accrued to personal service corporations	\$ 331,100	\$ 357,000
Short-term benefits accrued or paid directly	42,750	12,000
	\$ 373,850	\$ 369,000

Included in short-term benefits is \$111,000 expensed to consulting fees.

At September 30, 2017 the Company was committed to pay termination payments to officers of the Company, in the event of termination without cause, of between two and three years of annual salary. If all termination payments are triggered, the Company would be required to pay \$1,092,000 (December 31, 2016 - \$1,092,000).

Significant Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies have been applied consistently by the Company and its subsidiaries.

Non-controlling interest in the net assets of consolidated partially-owned Philippine companies are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

Provision for Reclamation Liability

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

As at September 30, 2017, a liability for site reclamation for the T'Boli property of \$1,297,731 was recorded. The liability is estimated based on a detailed mine rehabilitation plan cost of PhP \$42,400,000 inflated at 1.50% (December 31, 2016 – 1.50%) over the term of the plan from 2010 to 2022 and discounted to present value using a 5-year risk free rate of 1.11% (December 31, 2015 – 5-year risk free rate of 1.11%).

The Company is not aware of any existing environmental problems related to any of its current or former properties, except as disclosed above, that may result in material liability to the Company.

Principles of consolidation

The interim consolidated financial statements include the accounts of the Company (the ultimate parent company), its wholly-owned subsidiaries, Esperanza Capital Corp and its 20% interest in Exploradora La Esperanza S.A. (a Colombian company); Sabena Limited and its subsidiaries (Australian companies); Tribal Holdings Inc., Batoto Holdings Inc., and Philco Holdings Inc. (Canadian companies), and Tribal Processing Corporation ("Tribal Processing") (Philippine company); and the accounts of its partially-owned (40%) Philippine affiliates, Batoto Resources Corporation ("BRC") and TMC Tribal Mining Corporation ("TMC"), referred to throughout the consolidated financial statements as the "Philippine companies". The Company owns 40% of each of the Philippine companies, which have been consolidated as they meet the criteria under IFRS 10: Consolidated Financial Statements. The Company's ownership percentage in the Philippine companies is a result of Philippine laws restricting foreign ownership, but the Company is acting as operator of the Philippine companies. The remaining 60% ownership of each of the Philippine companies is owned by the two respective presidents of those companies. Each president has signed an option agreement allowing the Company to acquire control in certain circumstances. All significant intercompany balances and transactions have been eliminated on consolidation.

The Company has a 20% interest in Agusan and is able to exert significant influence over Agusan, as a result, Agusan is considered to be an associate as at September 30, 2017 and 2016.

Non-controlling interest in the net assets of consolidated partially-owned Philippine companies are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

Risks and Uncertainties

Mining and exploration involves a high degree of risk, and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has significant cash requirements to conduct its planned explorations, meet its administrative overhead and maintain its resource interests.

The Company's ability to continue as a going concern is dependent on its ability to bring the T'Boli gold processing plant to full production, this combined with additional financing to fund the remaining development of the T'Boli mine and fund its ongoing administrative expenditures. While it has been successful in doing so in the past, the recommencement of production will contribute toward providing the project and company can sustainably fund Rizal's operation going forward.

The recoverability of the Company's investment in, and expenditures on, resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations, and actions, could cause additional expense, capital expenditures, restrictions, and delays in the activities of the Company, the extent of which cannot be predicted.

The Company's resource properties are located in the Philippines and, consequently, are subject to certain risks, including currency fluctuations and possible political and economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations to the mining industry.

Shareholder information

Common Shares

The Company has authorized an unlimited number of common shares without par value, and, at September 30,

2017 and the date of this MD&A, 188,217,712 (December 31, 2016 – 188,217,712) common shares were issued and outstanding.

Stock Options

The Company has a stock option plan whereby the Board of Directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company. Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant subject to restrictions imposed by the TSX-V. Stock options awarded have a maximum term of ten years. The vesting terms of the options are determined by the directors, however, options granted to investor relations consultants are subject to a minimum twelve-month vesting schedule, whereby no more than 25% vest in any three-month period. Stock options held by officers, directors, employees or consultants of the Company expire one year following their departure from the Company.

During the three months ended 30 September 2017 and the year ended December 31, 2016, the Company did not issue any options. During the three months ended September 30, 2017 18,738 options expired. At September 30, 2017, the Company had 12,163,738 (December 31, 2016 – 12,386,738) incentive stock options outstanding and exercisable. The options outstanding and exercisable at September 30, 2017 and December 31, 2016 have weighted average remaining contractual lives of 3.69 and 3.94 years, respectively.

Warrants

At September 30, 2017, the Company had 52,734,667 (December 31, 2016 – 87,913,167) share purchase warrants outstanding.

EVENTS AFTER THE REPORTING DATE

- (a) On November 6, 2017, Mr. Ryan Sander resigned as a Director and the Company appointed Mr. Paul Hogan as his replacement.
- (b) On November 16, 2017, The Company reached a shares-for-debt settlement agreement for 29,318,720 units to current creditors of the Company. Each unit consists of one common share of the Company and one Share Purchase warrants allowing the holder to convert into one additional common share at a price of \$0.05 for up to 3 years. The Units are being offered at \$0.05 per unit to settle debt in the amount of \$1,465,936.
- (c) On November 16, 2017, The Company came to agreement with outstanding note holders to renew and reissue their notes in the amount of \$1,105,125 with a conversion price of \$0.05. The note holders will also receive 22,102,500 warrants. Each warrant exercisable into a common share of the Company for a period of 3 year from the issuance date at an exercise price of \$0.05 per share.
- (d) The Company also announced on November 16, 2017 that Mr. Derick Sinclair had resigned as the Corporations Chief Financial Officer. Mr. Peter Main will assume the role of interim CFO while the Company seeks to fill the position.