

**GRIZZLY DISCOVERIES INC.**  
(the "Company" or "Grizzly")

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")**  
**FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2018 AND 2017**

The following MD&A, approved by the Audit Committee on behalf of the Board of Directors of the Company on April 2, 2018, should be read together with the condensed consolidated interim financial statements for the three and six months ended January 31, 2018 and 2017 and the consolidated financial statements for the years ended July 31, 2017 and 2016 and the notes thereto (the "Financial Statements") prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

**Forward Looking Statements**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the date of this MD&A.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

**Description of Business**

Grizzly Discoveries Inc. is an early stage multiple commodity exploration company engaged in the acquisition, exploration and potential future development of potash and diamonds on properties in Alberta and precious and base metals on properties in British Columbia.

Grizzly is a reporting issuer in Alberta, and trades on the TSX Venture Exchange under the symbol GZD, on the Frankfurt Stock Exchange under the symbol G6H - WKN-A0F464, and on the OTCPink under the symbol GZDIF.

## Overall Performance

The Company has no operating revenue to date; the only cash income earned is from interest on deposits. The Company relies on the issuance of common shares to finance exploration and to provide working capital. Most the Company's financial assets are expended in the acquisition and exploration of its mineral properties, which is reflected in the Company's consolidated financial statements as an increase in mineral properties on the consolidated statement of financial position.

Additions to the capitalized balance of the Company's mineral properties in the current and comparative years are detailed in the following tables:

	<b>Alberta Diamond Properties</b>	<b>Alberta Potash Properties</b>	<b>BC Precious Metals Properties</b>	<b>Total</b>
	\$	\$	\$	\$
July 31, 2016	1	1	8,285,126	8,285,128
Acquisition and land use	-	5,418	7,314	12,732
Fieldwork and geological consulting	11,078	731	5,476	17,285
Mineral tax credit	-	-	(1,643)	(1,643)
Impairment	(11,078)	(6,149)	(6,089)	(23,316)
January 31, 2017	1	1	8,290,184	8,290,186
July 31, 2017	1	1	8,296,166	8,296,168
Acquisition and land use	1,969	6,731	-	8,700
Fieldwork and geological consulting	2,083	63	7,126	9,272
Mineral tax credit	-	-	(2,137)	(2,137)
Impairment	(4,052)	(6,794)	(273)	(11,119)
January 31, 2018	1	1	<b>8,300,882</b>	<b>8,300,884</b>

## Selected annual information

The following table summarizes audited financial data for annual operations reported by the Company for the three most recently completed financial years.

<b>For the year ended</b>	<b>July 31, 2017</b>	<b>July 31, 2016</b>	<b>July 31, 2015</b>
Total assets (\$)	8,427,084	8,469,444	11,342,544
Mineral properties (\$)	8,296,168	8,285,128	11,151,699
Current liabilities (\$)	71,854	73,119	31,761
Interest income (\$)	753	940	2,398
Net loss (\$)	255,509	3,191,760	234,801
Basic and diluted loss per common share (\$)	0.00	0.06	0.00
Weighted average number of common shares outstanding	53,413,542	50,173,092	48,725,268

## Summary of quarterly results

The following table summarizes financial data reported by the Company for the most recent eight quarters:

Period ended	Jan 31, 2018	Oct 31, 2017	Jul 31, 2017	Apr 30, 2017	Jan 31, 2017	Oct 31, 2016	Jul 31, 2016	Apr 30, 2016
Net loss (\$)	46,187	18,711	124,263	53,054	37,057	41,135	3,083,664	19,026
Basic and diluted loss per common share (\$)	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00

Fluctuations in the Company's net loss are due primarily to: the recognition of share based compensation costs arising from the issuance and vesting of stock options, and impairment charges. Specific variances in the current three period compared to the comparative period are discussed below.

### Results of Operations – Three Months Ended January 31, 2018

The Company incurred a net loss for the three months ended January 31, 2018 of \$46,187 (2017 – \$37,057). Items comprising the net loss varied in the three months ended January 31, 2018 compared to the three months ended January 31, 2017 as explained below.

General and administrative expenses incurred in the three months ended January 31, 2018 totaled \$23,193 (2017 - \$25,274). A description of significant variances between the periods follows:

- Advertising and promotion costs of \$1,538 (2017 - \$690) were incurred for promotion of the Company and was comparable to the comparative period.
- Consulting fees of \$12,000 (2017 – \$12,000) were paid to management for the management and normal business operations of the Company.
- Office and administration costs of \$5,018 (2017 - \$5,068) were incurred in the period for regular office costs including: office rent; office supplies; insurance; computer software; and communications and internet. In the three months ended January 31, 2018 and 2017, office and administration costs included costs related to the Company's Annual General Meetings held in the periods. The Company has minimized its ongoing office costs and expects to maintain a low administrative cost structure for the foreseeable future.
- Regulatory and transfer fees of \$5,157 (2016 - \$5,855) were incurred to the Company's transfer agent and fees paid to the TSX Venture exchange and, in the comparative period, included additional costs related to the Company's Annual General Meeting and the filing of the Company's annual financial statements.
- A recovery of professional fees of \$520 (2017 – expense \$1,161) was recorded due to the reversal of an accrual for the audit of the Company's annual financial statements for the year ended July 31, 2017, where the cost was less than estimated.

The Company recorded stock based compensation of \$15,000 in the three months ended January 31, 2018 (2017 - nil) arising from a grant of stock options to a consultant of the Company.

In the three months ended January 31, 2018, the Company recorded net mineral property impairments totaling \$8,171 (2017 – \$1,579) in mineral property costs related to expenditures on its Alberta Potash properties, its Alberta Diamond properties, and certain BC Metals properties, which have previously been impaired on the consolidated statements of financial position to a nominal amount of \$1, in the consolidated statements of loss.

Offsetting the above expenses was interest income of \$177 (2017 – \$115) earned from financial institutions on the Company's cash deposits.

### **Results of Operations – Six Months Ended January 31, 2018**

The Company incurred a net loss for the six months ended January 31, 2018 of \$64,898 (2017 – \$78,192). Items comprising the net loss varied in the six months ended January 31, 2018 compared to the six months ended January 31, 2017 as explained below.

General and administrative expenses incurred in the six months ended January 31, 2018 totaled \$39,214 (2017 - \$55,234). A description of significant variances between the periods follows:

- Advertising and promotion costs of \$2,715 (2017 - \$3,389) were incurred for promotion of the Company and was comparable to the comparative period.
- Conferences and corporate travel costs of \$390 (2017 - \$566) were comparable to the comparative period.
- Consulting fees of \$24,000 (2017 – \$24,000) were paid to management for the management and normal business operations of the Company.
- Office and administration costs of \$7,560 (2017 - \$12,896) were incurred in the period for regular office costs including: office rent; office supplies; insurance; computer software; and communications and internet. In the six months ended January 31, 2018 and 2017, office and administration costs included costs related to the Company's Annual General Meetings held in the periods. The Company has minimized its ongoing office costs and expects to maintain a low administrative cost structure for the foreseeable future.
- Regulatory and transfer fees of \$7,984 (2017 - \$10,028) were incurred to the Company's transfer agent and fees paid to the TSX Venture exchange and, in the comparative period, included additional costs related to the Company's Annual General Meeting and the filing of the Company's annual financial statements.
- Professional fees of \$1,995 (2017 – \$4,355) were incurred for preparation of the Company's income tax return and additional costs related to the Company's prior year end audit.

In the six months ended January 31, 2018, the Company recorded net mineral property impairments totaling \$11,119 (2017 – \$5,347) in mineral property costs related to expenditures on its Alberta Potash properties, its Alberta Diamond properties, and certain BC Metals properties, which have previously been impaired on the consolidated statements of financial position to a nominal amount of \$1, in the consolidated statements of loss.

Offsetting the above expenses was interest income of \$435 (2017 – \$358) earned from financial institutions on the Company's cash deposits.

### **Financial Instruments**

#### **Financial instrument classification**

Grizzly's financial instruments recognized on the consolidated balance sheets consist of cash and cash equivalents, restricted cash, accounts receivable (included in other current assets) and accounts payable and accrued liabilities.

Grizzly has designated its cash and cash equivalents and restricted cash as loans and receivables, and accordingly they are recognized on the consolidated balance sheet at amortized cost.

Accounts payable and accrued liabilities have been classified as other liabilities, and are measured at amortized cost.

The estimated fair market values of the Grizzly's financial instruments approximate their carrying values due to their short-term nature.

Purchases and sales of financial assets will be accounted for using trade-date accounting, and transaction costs on financial instruments other than those classified as held for trading will be recognized in profit and loss in the period in which they occur.

Grizzly has no unrecognized financial instruments or derivative financial instruments nor any "off-balance sheet" arrangements.

### **Capital management**

The Company monitors its equity as capital.

Grizzly's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit.

Grizzly's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support its operations and corporate functions; to perform mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit.

### **Financial Instruments**

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

#### General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains a negligible United States of America Dollar ("USD") cash balance for incidental USD expenses, therefore is not exposed to a material amount of currency risk.

### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities, therefore interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with its financial institution. The Company considers this risk to be minimal.

### Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal. The majority of the Company's cash and cash equivalents are held with reputable financial institutions in Canada.

### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Further, the Company utilizes authorizations for expenditure on exploration projects to further manage expenditures. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review.

At January 31, 2018, the Company's current liabilities consisted of cash accounts payable and accrued liabilities of \$61,064 (July 31, 2017 - \$77,633) due within the subsequent fiscal year. The Company's cash and cash equivalents of \$33,181 at January 31, 2018 (July 31, 2017 - \$42,938) are not sufficient to pay these current liabilities. Subsequent to January 31, 2018, the Company received gross proceeds of \$145,075 from the exercise of outstanding options and warrants.

The Company has made arrangements with a creditor, to which is owed approximately \$25,000 in overdue accounts payable at January 31, 2018 and July 31, 2017, included in accounts payable and accrued liabilities, for exploration and claim maintenance on the Company's mineral properties, to delay collection until the Company has obtained additional financing.

Additional funding is required to continue exploration on the Company's mineral properties. If management is unable to secure additional financing, the Company will reduce ongoing administrative costs, expected to result in a severe reduction in the Company's operational and administrative capacity.

The Company has an additional outstanding obligation to conduct reclamation activities at two exploratory well sites in Alberta estimated at a discounted present value of \$191,165 (July 31, 2017 - \$191,165), recorded as a non-current provision in the consolidated statements of financial position. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. Grizzly will have to seek, and intends to seek, additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

#### Determination of fair value

The consolidated statement of financial position carrying amounts for cash and cash equivalents, restricted cash, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

#### **Liquidity and Capital Resources**

The Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company, particularly the exploration and potential development of its mineral properties, are dependent upon its ability to continue to obtain adequate financing in the future, for which there is no guarantee the Company will be successful in obtaining on terms acceptable to the Company.

At the date of this MD&A, the Company's working capital is approximately \$153,000 compared to approximately \$32,567 at January 31, 2018 and approximately \$28,750 at July 31, 2017.

#### *Private placement*

On December 15, 2017, the Company completed a private placement of 1,200,000 units for gross proceeds of \$60,000.

Each unit was comprised of one common share and one common share purchase warrant with an exercise price of \$0.075 per common share. Each of the Warrants entitles the holder to acquire one additional Common Share at \$0.075 until December 15, 2019 or, if during the exercise period of the warrants the Company's shares trade at or above a weighted average trading price of \$0.12 per share on the TSX Venture Exchange for 10 consecutive trading days, the Company may accelerate the expiry time of the Warrants by issuing a news release and giving written notice to holders of Warrants stating that the Warrants will expire 30 days from the date of such notice ("Acceleration").

The net proceeds from the sale of the units will be used for general corporate and working capital purposes. All common shares issued under the private placement and any common shares issuable upon exercise of warrants will be subject to a four month hold period from the date of issue in accordance with applicable laws and regulations.

#### *Options and warrants exercised*

Subsequent to January 31, 2018, the Company received aggregate proceeds of \$145,075 and issued an aggregate 2,001,000 common shares of the Company from the exercise of outstanding stock options and warrants.

#### *Current working capital*

As of the date of this MD&A, the Company's working capital is approximately \$153,000 including approximately \$134,000 in cash, and is expected to be sufficient to meet the Company's operating costs and other obligations for the fiscal year.

## Outstanding Share Data

The following table summarizes the Company's outstanding share capital as at the date of this MD&A:

Common shares outstanding	58,730,405
Warrants, \$0.075, weighted average 0.9 years remaining	5,029,680
Stock options, \$0.07, weighted average 3.7 years remaining	<u>4,800,000</u>
Fully diluted	<u><b>68,560,085</b></u>

## Changes in Management

Pursuant to the Company's AGM held on February 6, 2018, the Company's Board of Directors consists of three incumbent Directors: Brian Testo (President & CEO), Sam Pillersdorf, and Ray Wytinck. Mr. Doug Turnbull and Mr. Fraser Atkinson opted not to stand for re-election to the Company's Board at the AGM, however both have been retained by the Board as Advisers, joining Mr. Gregory Aharonian who was appointed as an Advisor on January 12, 2018.

## Letter of Intent to acquire Robocop Property

On March 27, 2018, the Company announced that it had signed a letter of intent ("Robocop LOI") with several individuals ("Vendors") to acquire certain mineral claims in British Columbia ("Robocop Property").

Under the terms of the Robocop LOI, Grizzly and the Vendors shall seek to enter into a definitive agreement whereby Grizzly would acquire a 100% interest in the Robocop claims, subject to a 3% net smelter royalty ("NSR"). The Company would have the right to purchase 2/3 of the NSR for \$1,500,000 within two years after the delivery of a positive feasibility study.

Under the terms of the LOI, the Company would issue a total of 2,000,000 units as consideration for the Robocop Property, where each unit consists of one common share of Grizzly and one common share purchase warrant exercisable at \$0.14 within three years of the date of issuance. The LOI is subject to a definitive agreement being approved by the Board of Directors and acceptance by the TSX Venture Exchange.

### *About the Robocop Property*

The Robocop Property (the "Property") is located in southeastern British Columbia, approximately 45 kilometres (km) south of Fernie and 70 km southeast of Cranbrook, and is immediately north of the Canada-USA border. The Property is comprised of 5 mineral claims totalling 9,891 acres. The property is located east of Grizzly's Greenwood Property in southeastern British Columbia.

Areas with significant historic cobalt-copper-silver (Co-Cu-Ag) in soil anomalies have been identified on the Robocop Property. Additionally, historic drilling during the 1990's (Teck Explorations Ltd.) and early 2000's (Ruby Red Resources) has yielded grades of up to 0.18% Co, 0.28% Cu, 4.1 parts per million (ppm) Ag over 1 m core length (Pighin, 2009) and 0.134% Co, 1.19% Cu and 33.8 ppm Ag over 1.23 m core length (Thomson, 1990) for individual core samples. The Co-Cu-Ag mineralization is hosted in Sheppard Formation and is classified as Proterozoic sediment hosted mineralization. Grizzly believes that significant potential exists to expand the known extent of the known Co-Cu-Ag mineralization on the Property and further exploration is warranted.



## Mineral Properties

The Company's primary business is the acquisition and exploration of mineral claims with the ultimate goal of defining one or more mineral resources in order to either develop for production or vend to a third party. The Company holds or has a majority interest in:

- four precious-base metal properties in British Columbia, including the extensive **Greenwood Project** approximately 33% of which is under option by a subsidiary of Kinross Gold Corporation to earn up to an 80% interest, and the **French** and **Peak** claims;
- the **Alberta Potash Project** consisting of three wholly-owned mineral claims in Alberta and;
- the **Alberta Diamond Project** hosting diamondiferous kimberlites discovered by Grizzly in 2008.

Summaries of each of the Company's principal projects are below. The reader should note that any potential future exploration programs mentioned below are subject to the Company obtaining financing on terms acceptable to the Company.

### 2018 Q2 Updates

#### *Cobalt review*

During late 2017, the Company performed an initial review to see if its land holdings were prospective for the presence of cobalt (Co). The strategic review identified the presence of at least 13 rock grab samples with greater than 0.05%, including up to 0.10% Co, from at least five separate target occurrences across the eastern half of Grizzly's Greenwood Project area. The database shows an additional 31 rock grab samples that have yielded assays of between 0.02 and 0.05% Co. Maps showing the anomalous values and locations for Co at the Greenwood Project are provided on the Company's website at:

<http://www.grizzlydiscoveries.com/index.php/projects/bc-precious-metals/greenwood-cobalt>.

A preliminary review of the sample database indicates that many of the rock samples with anomalous Co also contain anomalous values for Cu and precious metals including Au and Ag. In many cases, the samples with anomalous Co were collected from Cu-enriched skarn and hornfels developed in Paleozoic sediments and intrusions, where the original sampling targeted precious metals. Grizzly has initiated a property wide review, including its extensive soil and drillhole database along with much of the historic data for the district that it has compiled over the years. The goal will be to target potential Co-Cu-Au-Ag mineralization associated with skarn across the district and come up with targets for follow-up exploration during summer and fall 2018.

#### *2018 Exploration plans*

On March 6, 2018, the Company released an update including 2018 exploration plans, summarized below:

- The Company submitted permit applications to conduct drilling at three targets on its Greenwood Project; Ket 28 (Rock Creek Block), Motherlode North (Motherlode) and Dayton (Dayton-Sidley Block) targets.
- 2018 exploration (subject to financing) is intended to focus on drilling at the Ket 28 gold prospect with aspirations to outline a maiden resource
- Secondary focus on Motherlode North (precious metals) and Dayton (copper-gold porphyry)
- Additional follow up surface exploration is planned for a number of mineralized target areas that have yielded copper-cobalt geochemical anomalies in surface sampling obtained through the Company's previous exploration

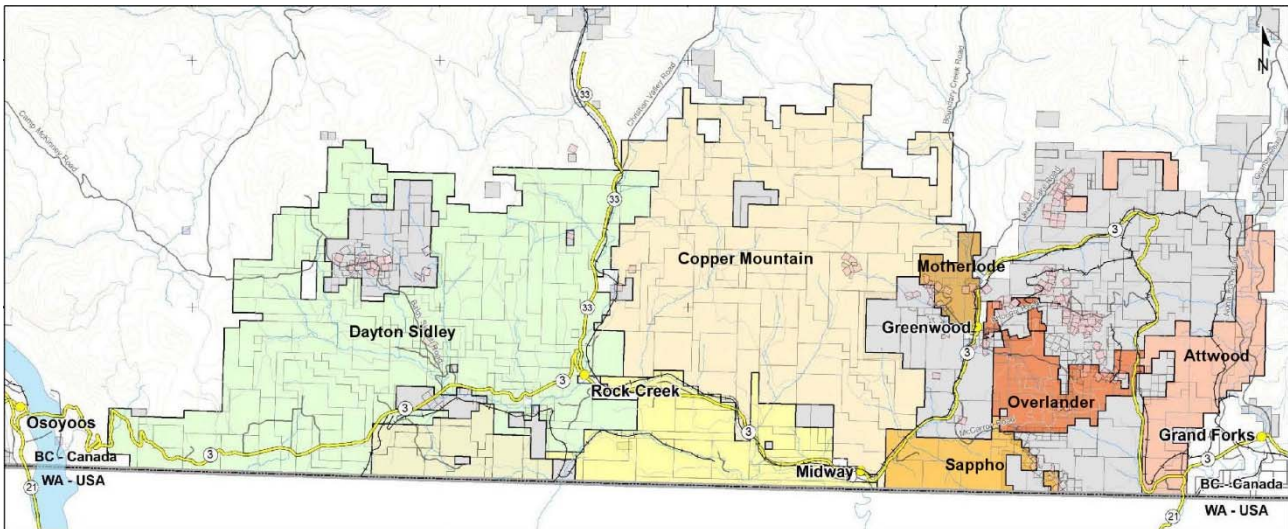
**Greenwood Project**  
*Southern British Columbia*

Since 2008, the Company has consolidated a previously fragmented historic mining camp with mineral claims covering approximately 225,000 contiguous acres in South-central British Columbia, in the historically productive *Republic-Greenwood Gold District*, abutting the border with the United States.

The *Republic-Greenwood Gold District* has historically produced an aggregate of more than 6 million ounces of gold (“Au”) prior to Grizzly’s acquisition of the Greenwood Project. The Greenwood Project also sits less than 10 kilometers (“km”) north of the Buckhorn Gold Mine, a producing gold mine (unrelated to the Company) in the US, which had a 1.2 million ounce (“oz”) gold resource at 16 grams/tonne of gold (“g/t Au”) at start up in 2010, and less than 50 km north of the Golden Eagle Project, with a greater than two million ounce gold resource. Based on compilation, assessment, and exploration work conducted by the Company, Grizzly believes that a large portion of the Greenwood Project lands cover a continuation of the same geological structures as these two mines.

The mineral claim blocks constituting the Greenwood Project have historically been subject to fragmented ownership. These blocks have been consolidated by Grizzly into six separate claim groups and are briefly described below. In November of 2013, the company filed with regulators and on SEDAR a National Instrument 43-101 compliant independent technical report on the Greenwood project which includes extensive disclosure on the Greenwood Project and the Company’s exploration results obtained to date.

**Figure 1: Greenwood Project**



### *Dayton – Sidley Block*

The Dayton-Sidley block represents the North-westerly corner of the Greenwood Project. The Company conducted exploration on the Dayton-Sidley block in 2009, 2010 and 2011, which included 14 holes (2,777 m) of diamond drilling at the Dayton Prospect. Results from exploration at the Dayton Prospect indicate porphyry bulk tonnage style Au-Copper (“Cu”) mineralization, open to depth and along strike. The best drill hole intersections to date is 0.43 g/t Au and 0.15% copper (Cu) across 51.0 m core length.

### *Rock Creek Block*

The Rock Creek Block is located south of the Dayton-Sidley Block, bordering the USA. The Rock Creek area has a prolific history of exploration and production dating to the late 19<sup>th</sup> century and contains multiple old (abandoned) workings including shafts, adits, and prospecting pits. The focus in the Rock Creek area has historically been for both gold and base metals. The Company has conducted extensive exploration from 2009 to 2011 in the area including 12 diamond drill holes (1,744 m) at the *Ket 28* target.

The Company conducted an exploration program in 2009-2010 consisting of rock and HMC sampling, ground geophysics, and a nine diamond drill hole program. Rock samples near the *Ket 28* prospect in the Rock Creek Block yielded assays up to 53.2 g/t Au. A ground magnetic and horizontal-loop electromagnetic (“HLEM”) survey was completed over the *Ket 28* prospect and indicated the presence of a northwest oriented structure and a large magnetic anomaly of which the Northwest edge is associated with Au mineralization. Drilling at the *Ket 28* target indicates the presence of wide zones of hydrothermal Au-Silver (“Ag”) associated with extensive alteration along a northwest structure. The best drill intersections obtained during the Companies exploration work are 11.9 g/t Au across 2.0 m core length and 8.85 g/t Au across 3.0 m core length.

### *Copper Mountain Block*

The Copper Mountain block sits in the North-central portion of the Greenwood Project. Exploration was conducted on the property by the Company, building on extensive historical work by previous owners of the underlying claims, in 2009 through 2011 and included rock sampling, ground geophysics and diamond drilling in four target areas: Prince of Wales; Mabel Jenny North; Mabel Jenny; and Coronation. A total of 1,708 m were drilled yielding wide zones of hornfels alteration and poly-metallic mineralization (Au-Ag-Cu-Zinc (“Zn”). The best drill intersection to date is 1.0 g/t Au, 4.65 g/t Ag and 0.3% Zn across 30.0 m.

### *Sappho Block*

The Sappho block lies southeast of the Copper Mountain block, with the block’s southern border coinciding with the USA border. The Company conducted exploration in 2008 through 2010, including soil sampling heavy mineral concentrate (“HMC”) analysis, rock sampling, ground geophysics, and diamond drilling.

Rock sampling targeting the Sappho occurrence and it’s immediate area resulted in the identification of several zones of high Ag and Cu with anomalous Au, Platinum (“Pt”), and Palladium (“Pd”). Ground geophysics identified a high interest magnetic anomaly which was subsequently tested with two diamond drill holes (2010) which intersected mineralized zones. Two additional diamond drill holes targeting historic occurrences also confirmed the presence of mineralization. Analysis of data and results to date indicates the potential for wide zones of hornfels to skarn mineralization (Au-Ag-Pt-Ag-Cu-Zn). The best drill intersections to date are from a single hole with 68.4 g/t Ag, 0.63 g/t Au, 0.18 g/t Pt and 0.4% Cu across 7.0 m, and 6.57 g/t Ag, 0.75 g/t Au, 0.34 g/t Pt and 0.3% Cu across 6.5 m core length in two separate zones.

### *Motherlode Block*

The Motherlode claim block is located just East of the Copper Mountain block and covers three historic producing Cu-Au skarn deposits from which a total of 4.2 million tonnes at a grade of 0.8% Cu and 1.3 g/t Au was produced in the periods 1896-1918 and 1956-1962.

The Company conducted exploration on the Motherlode block in 2008 through 2011 consisting of HMC analysis, rock and soil sampling, and ground geophysics. Rock sampling was focused on the areas surrounding the existing Motherlode, Sunset, and Greyhound pits, with seven samples returning assays greater than 5 g/t Au.

Ground geophysics and an HLEM survey over the Motherlode North area indicated an interesting magnetic low-high trend of NW orientation coincident with an EM anomaly. Drilling during 2011 yielded a new polymetallic discovery of Au-Ag-Pb-Zn-Cu north of the historic Motherlode Pit. The best intersections obtained to date include 6.07 g/t Au, 15.13 g/t Ag, 0.2% Pb and 0.7% Zn over 4.5 m core length, and 4.11 g/t Au, 6.88 g/t Ag, and 1.04% Zn over 2.85 m core length in two from two separate drill holes.

### *Overlander – Attwood Block*

The Overlander block is in the centre of the Eastern half of the Greenwood Project and has an extensive history of exploration and production by previous claim holders. The Overlander Block surrounds the historic Phoenix Mine, and the Golden Crown and Lexington gold deposits currently owned by Golden Crown LLC.

The Company conducted exploration on the Overlander – Attwood Block from 2009 to 2012. Exploration consisted of HMC, rock and soil sampling, ground geophysics and diamond drilling. HMC sampling yielded 3 to 27 visible gold grains in tributary streams sourced from Overlander - Mount Attwood area, and rock sampling confirmed the presence of high grade Au mineralization in the areas around several historical showings with a number of samples yielding greater than 20 g/t Au. Soil sampling yielded a number of excellent Au in soil anomalies a few of which were the focus of the 2012 drilling.

The Company conducted a total of 1,364 m of diamond drilling in 5 holes yielding pyrite and quartz veins in basalt and ultramafic rocks along with pyrite and chalcopyrite in skarns in limestone. Polymetallic mineralization with Au-Ag-Cu-Pb-Zn was intersected in most of the drill holes. The P5 target yielded 3.54 g/t Au over 1.5 m. and a long intersection of highly anomalous nickel with 0.18% Ni over 99.13 m. The anomalous Au in soil anomalies that were drill tested are yet to be explained.

As previously announced by the Company, management has selected Ket 28 in the Rock Creek Block as the priority for exploration drilling and has planned a drill exploration program, subject to financing, at Ket 28. In addition, the Company has identified priority targets for future work including drilling at the Dayton, Motherlode and Copper Mountain blocks. Any future exploration is contingent upon the Company obtaining financing on terms acceptable to the Company.

On September 23, 2015, the Company announced that it had entered into an agreement (“Kinross Option”) with a subsidiary of Kinross Gold Corporation (“Kinross”) whereby the Company granted to Kinross the option to earn a 75% interest in certain mineral claims within the Company’s Greenwood Gold Project, covering approximately 27,000 hectares (approximately one third of the area comprising the Greenwood Gold Project), by completing US \$3,000,000 in exploration expenditures, including a minimum of 3,000 metres of diamond drilling, including a minimum of 750 metres of diamond drilling and expenditures totaling US \$750,000 by September 23, 2017. In order to earn its 75% interest, Kinross must complete the expenditures within five years of signing the Kinross Option. Provided Kinross completes the option, the Kinross Option provides that the Company and Kinross shall subsequently enter a joint venture with dilution provisions. Upon being diluted

to a 10% interest, the diluted party's interest will convert to a 2% net smelter royalty. The Kinross Option primarily covers mineral claims within the Midway, Sappho, Overlander and Attwood blocks.

Kinross has completed small ground exploration programs in 2015 and 2016 and the Company expects that Kinross will continue to earn in to the option in 2017.

#### *2016 Results of Kinross Exploration of Grizzly's Greenwood Project Claims Under Option*

On February 6, 2017, the Company announced that it had been advised by Kinross that it has completed its 2016 work program on the Grizzly Greenwood property. The 2016 work program by Kinross yielded identification of epithermal and skarn precious metal mineralization at the Mt Attwood-Overlander and Midway target areas.

The 2016 exploration program focused primarily at the Mt Attwood-Overlander and Midway target areas and included trenching, soil, rock and stream sediment sampling, geological mapping, along with geochemical analysis and reporting. Exploration at the Mt Attwood-Overlander and Midway target areas yielded newly-identified epithermal precious metal and skarn mineralization, as well as confirmation and extension of epithermal and skarn alteration and mineralization discovered during 2015.

Fieldwork conducted at five separate target areas took place between May 1 and October 5, 2016. A total of 3,131 soil samples, 411 rock samples and 34 stream silt samples were collected, as well as 12 trenches were excavated during the 2016 program. A total of 421 field man-days of work were conducted during the period. Further work is recommended at the Mt Attwood-Overlander and Midway target areas.

#### **Mt Attwood – Overlander Area**

The newly discovered quartz veins included extensions to the two veins discovered in 2015 (see Grizzly news release dated April 18, 2016) which bring the number of veins discovered in 2015 and 2016 to seven. Visible gold (Au) was found at one new vein with historic assays in the area up to 37.9 g/t gold.

- Discoveries of new quartz veins in 2016 include extensions to two veins found in 2015, in combination with 4 additional veins define an area/corridor nearly 0.5 x 0.25 km. In total, seven new veins have been discovered in 2015/2016.
- Visible gold was found at one of the veins, potential exists for extensions and parallel veins to the vein with visible gold as well as a number of the other vein sets nearby.
- The prospective quartz veins, and to a degree associated alteration, are hosted in what is mapped as Permian Attwood Group Limestones, with several bedding parallel and cross cutting intrusions in the vicinity. The historic Overlander mesothermal vein to the southwest is hosted in the Attwood group clastic sediments and volcanics.
- More than 1,900 soil samples were collected at Mt Attwood–Overlander, with over 8% >50ppb and 3% >100ppb gold. Similarly, nearly 9% of the 179 rock samples yielded gold assays >1 g/t, with grab samples up to 20 g/t, and chip samples ranging from 5 to 13 g/t over lengths ranging from 0.5 up to 1 metres.
- Nearly 75% of the 30+ stream silt samples collected at the project yield anomalous samples with a number of 1 g/t gold level assays. These samples warrant follow up exploration to determine the source of the multiple drainage anomalies.

#### **Midway Area**

At Midway, the area was subdivided into four target areas including the Texas-Bruce, a previously known skarn area. One of the sub areas is a newly identified epithermal silicification occurrence, and another sub-area is defined by a gold in soil anomaly in the northwest portion of the area.

- All of the areas are underlain by Triassic Brooklyn formation sedimentary rocks with extensive Eocene and older intrusive rocks.
- Over 900 soil samples were collected at Midway, nearly 4% of samples yielded > 50 ppb gold, a quarter of which assayed >100 ppb gold up to 859 ppb gold.
- Over 200 rock samples were collected from the Midway area, nearly 7% yielded > 1 g/t gold, and a number of chip samples from the Texas area yielded significant gold grades ranging from 6 to 11 g/t gold (along with copper) over widths ranging from 0.5 to 1.2 m.
- Although the Texas and Bruce targets yield most of the highest assays, they have been drilled historically, the mineralization is narrow and is significantly disrupted along strike. East of the Texas-Bruce area, exploration during 2016 found evidence of a widespread intermittent silica cap over a significant distance with gold in rock chip assays up to 4.17 g/t. Further work including drilling is warranted.
- Although the gold assay results from rock samples within the widespread and intensely silicified area are modest, there is extensive alteration along with gold in soil anomalies and anomalous As, Hg, Sb and Mo indicative of epithermal mineralization. Silica caps in carbonate terrain do not always yield high gold but targets may exist at depth or along strike.
- A significant zone of low grade gold related to an altered intrusion was identified by a gold in soil anomaly in the northwest portion of the target area.

#### *2017 Update of Kinross Exploration of Grizzly's Greenwood Project Claims Under Option*

During 2017, Kinross completed 1,129 metres of diamond drilling at the Mt Attwood-Overlander and Midway areas, and conducted generative work of mapping and sampling of high priority targets.

Kinross has reported to the Company that it has incurred cumulative expenditures totaling USD 761,520 (approximately \$992,000) by the second anniversary date of the Kinross Option on September 23, 2017. Accordingly, Kinross has met its second anniversary obligations pursuant to the Kinross Option.

#### **Alberta Potash Project**

In the year ended July 31, 2016, the Company had impaired the carrying value of the Alberta Potash properties, included in Mineral properties on the consolidated statements of financial position, by \$2,855,699, to a carrying value of \$1, as the Company had not conducted exploration on the properties in several years, does not currently have the financial resources to conduct exploration, and many of the underlying mineral rights have expired.

In the period ended January 31, 2018, the Company re-staked three highly prospective mineral claims in the Alberta Potash Project covering approximately 27,500 ha.

#### *Test well reclamation*

The Company has an outstanding environmental rehabilitation provision related to the rehabilitation of two exploratory potash test wells in Southern Alberta, recorded in the consolidated statement of financial position as a provision. Based on information currently available, the Company has recorded a provision in the (future) amount of \$195,000, discounted to \$191,165, being management's estimate of the well site reclamation. The Company must make annual payments, considered insignificant by the Company, to the surface land owners associated with the surface leases for the well site until reclamation has been completed.

The Company has deposited with relevant regulatory authorities a security deposit related to the Company's potash exploratory drilling of \$30,391 (July 31, 2017 - \$30,303), including accumulated interest, held in trust

by a financial institution on behalf of the Company in an interest-bearing account. This deposit has been classified as a non-current deposit on the consolidated statement of financial position as it is not available until reclamation is complete.

## **Alberta Diamond Project**

### *Buffalo Head Hills area, North-central Alberta*

The Company's Alberta Diamond Project was its flagship project from inception in 2004 until 2008, when the market appetite for diamond projects weakened significantly. In the last exploration program conducted by Grizzly in 2008, the Company discovered three new diamond-bearing kimberlites, however the Company had not followed up on these discoveries to date as its focus had shifted to the Greenwood Project and the Alberta Potash Project.

Renewed interest in diamond exploration has prompted the Company to re-evaluate its Alberta Diamond Project. In the year ended July 31, 2016, the Company conducted exploration totaling \$66,915 on the Alberta Diamonds Project, having conducted a number of ground geophysical surveys on its diamond targets surrounding the K6, K11, K14, K91 and K252 kimberlite pipes.

As at the date of this MD&A, the Company holds three mineral claim blocks totaling 65,228 ha including the Red Earth Block (26,462 ha) on which the Company discovered diamondiferous kimberlites in 2008. The Company is required to conduct exploration on these claims in 2018 and 2019 in order to retain them in good standing.

## **Risks and Uncertainties**

### *Mining risks*

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sales of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

### *Business risks*

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

- Financial risks include commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the

introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

#### *No Operating History and Financial Resources*

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its cash resources are sufficient to cover its projected funding requirements for the remainder of the fiscal year. Additional funds will be required for general operating costs, and for further exploration to attempt to prove economic deposits and to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. ***Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.***

#### *Competition*

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

#### *Price Volatility and Lack of Active Market*

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

#### *Key Executives*

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any "keyman" life insurance on any of its executives. The directors and officers of the Company only devote part of their time to the affairs of the Company.

#### *Potential Conflicts of Interest*

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.



### *Dividends*

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

### *Nature of the Securities*

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company's securities should not constitute a major portion of an investor's portfolio.

### **Outlook**

The Company's primary focus for the foreseeable future will be on raising sufficient capital to continue corporate operations and advancing the exploration and development of its current projects and investigating other prospects for prospective addition to the Company's mineral properties, concurrent with evaluating strategies to enhance shareholder value. The ability of the Company to do so is contingent upon its ongoing ability to raise capital primarily through equity financing.

### **Qualified Person**

The disclosures contained in this MD&A regarding the Company's mineral properties has been prepared by, or under the supervision of, Michael Dufresne, M.Sc., P.Geol., a principal of APEX Geoscience Ltd. and a Qualified Person for the purposes of National Instrument 43-101.

### **Approval**

The Audit Committee approved the disclosure in this MD&A on behalf of the Board of Directors of the Company on April 2, 2018.

### **Other Information**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).