CANUC RESOURCES CORPORATION
(Formerly Santa Rosa Silver Mining Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2018

The following discussion of the results of operations and financial condition ("MD&A") of Canuc Resources Corporation ("Canuc" or "the Corporation") prepared as of May 30, 2018 consolidates Management's review of the factors that affected the Corporation's financial and operating performance for the period ended March 31, 2018, and factors reasonably expected to impact on future operations and results. This discussion should be read in conjunction with the quarterly consolidated financial statements of the Corporation for the periods ended March 31, 2018 and December 31, 2017, together with the notes thereto. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period ended March 31, 2018 are not necessarily indicative of the results that may be expected for any future period.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Canuc's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Corporation's financial statements, as well as additional information, are available at www.sedar.com. The Corporation's reporting currency is the Canadian dollar and all amounts disclosed herein are in Canadian dollars, unless otherwise stated.

On February 21, 2017, Santa Rosa Silver Mining Corp. ("Santa Rosa") and Canuc Resources Corporation ("Former Canuc") completed a reverse takeover transaction and continued as one Corporation, Canuc Resources Corporation (the "Transaction"). The Corporation is listed on the TSX-V under the symbol CDA. The registered office is located at 25 Adelaide Street East, Suite 1612, Toronto, Ontario, M5C 3A1.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Corporation, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Corporation's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Corporation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Corporation's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Corporation is a junior resource Corporation focused, through its subsidiary Minera Stramin S. de R.L. de C.V. ("Minera Stramin"), on the acquisition, exploration and development of the San Javier Project, a silver-gold-lead-zinc exploration project located in the state of Sonora in northwest Mexico, roughly 134 km southeast of the Sonora capital city of Hermosillo. This project presently has no NI 43-101 resources or reserves of minerals. As a result of its business combination with the Former Canuc, the Corporation also oil and gas interests in Texas, U.S.A. owned through its subsidiary Midtex Oil & Gas Corporation ("Midtex").

The Corporation is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully complete the Corporation's projects and to fund operating expenses. Development of the Corporation's current projects to the production stage will require significant financing.

The success of the San Javier Project cannot be assured. The Corporation's mineral exploration efforts have not commenced commercial production and, accordingly, the Corporation is dependent upon debt and/or equity financings and the optioning and/or sale of resource or resource-related assets for its funding. However, the Corporation's oil and gas assets are producing net income at this time. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Corporation's ability to continue as a going concern, is dependent upon this oil and gas income growing and upon exploration results which indicate the potential for the discovery of economically recoverable reserves and resources, the Corporation's ability to finance exploration of its projects through debt or equity financings and the optioning and/or sale of resource or resource-related assets for its funding.

An investment in the securities of the Corporation is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described in the section entitled "Risks and Uncertainties" below.

MERGER BETWEEN CANUC AND SANTA ROSA

On February 21, 2017 Canuc executed a business combination agreement dated August 26, 2016 (the "Transaction"). The Transaction involved the combination of Former Canuc and Santa Rosa by way of an amalgamation of Santa Rosa and a wholly-owned subsidiary of Canuc, to form one company as a wholly owned subsidiary of Canuc. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis. This Transaction resulted in 22,365,000 shares being issued to Santa-Rosa shareholders. All Santa Rosa options and warrants were converted to options and warrants of Canuc, on the same two-for-one basis.

After evaluating all the facts surrounding this Transaction, Management determined that IFRS 3, Business Combinations, is applicable and that the Transaction was accounted for as an business combination with Santa Rosa as the acquirer for accounting purposes.

The following table summarizes the fair value of the total consideration deemed issued by Santa Rosa to acquire Former Canuc and the fair value of identified assets acquired and liabilities assumed.

Purchase Price	
Common shares issued	**$ 2,037,350**
Share-based compensation	**103,095**
Warrants	**363,610**
Total Purchase Price	**$ 2,504,055**
Net Assets Acquired	
Cash	**$ 1,267**
Receivables and prepaids	**35,588**
Oil and gas properties and interests (i)	**349,519**
Accounts payable and accrued liabilities	**(336,429)**
	$ 49,945
Goodwill	**$ 2,454,110**

(i) The Corporation used a discounted cash flow model to estimate the expected future cash flows from is oil and gas properties and interests. Expected future cash flows are based on estimates of future production and commodity prices, operating costs and forecast capital expenditures based on the life of production as at the acquisition date.

Goodwill resulted from the acquisition of Former Canuc, and primarily relate to price paid over the net assets acquired was attributed to goodwill. The goodwill has been assessed as having "day 1 impairment" and has been written off.

THE SAN JAVIER SILVER-GOLD-LEAD-ZINC PROJECT

The following description is based on the Corporation's National Instrument 43-101 Technical Report titled "NI 43-101 Technical Report on the San Javier Project, State of Sonora, Mexico"[1], dated August 17, 2016 prepared by Seymour M. Sears, B.A., B.Sc., P.Geo. of Sears, Barry and Associates Limited of Sudbury, Ontario (the "Technical Report"). Mr. Sears is an independent Qualified Person under National Instrument 43-101.

Through its Mexican subsidiary, Minera Stramin S. de R.L. de C.V., the Corporation variously holds title, has an option to acquire title and has title pending issue to 16 contiguous mineral concessions under Mexican mining law. The concessions cover 292 hectares, of which 28 hectares comprises two concession applications pending issue of title that make up the San Javier Project. Details are presented below in Table 1.

[1] Although as a private Corporation at the time the Corporation did not fall under NI43-101, this report and related disclosure followed the requirements and standards of NI43-101 regarding technical disclosure and were filed on SEDAR by Canuc Resources Inc. as part of its filings related to the Amalgamation.

TABLE 1: San Javier Project lands		
Name	**Area (ha)**	**Status**
Santa Rosa	27.0000	Under option
Ampliacion de Santa Rosa	10.0000	Under option
Las Bellotas	39.9930	Option exercised and title transfer pending
El Mimbres	59.0017	Title in name of Corporation
El Mimbres	15.0000	Title in name of Corporation
El Mimbres 3 Fracc 1	25.3124	Title in name of Corporation
El Mimbres 3 Fracc 2	2.1730	Title in name of Corporation
El Mimbres 4	5.8833	Title in name of Corporation
El Mimbres 5	8.4180	Title in name of Marco Antonio Bernal Portillo
El Mimbres 6	20.0000	Title in name of Corporation
El Mimbres 7 Fracc 1	6.0000	Title in name of Corporation
El Mimbres 7 Fracc 2	1.0000	Title in name of Corporation
El Mimbres 7 Fracc 3	1.0000	Title in name of Corporation
El Mimbres 7 Fracc 4	1.0000	Title in name of Corporation
El Mimbres 8	57.7693	Title in name of Corporation
Orion 4-A	12.5142	Purchased – title transfer pending
Restauradora	5.0000	Title in name of Corporation
Wild Hog	5.0000	Title in name of Corporation
El Tule	151.1443	Title in name of Corporation
Total	**453.2092**	

The option agreement for the Santa Rosa and the Ampliación de Santa Rosa concessions was dated June 18, 2013 and requires the following payments to acquire 100% title:

- US$10,000 per quarter for up to five years, renewable for three additional years; accumulated thru the Amalgamation
- US$500,000 six months following commencement of a first drilling program, less all the quarterly payments paid to date
- US$1,000,000 24 months following commencement of the drilling program
- US$1,500,000 42 months following commencement of the drilling program

Net Smelter Returns royalties totaling 2.5% on future production from the San Javier Project are held by four individuals.

The San Javier district is located along the western margin of the Sierra Madre Occidental Physiographic Province and the terrain is characterized by steep hills cut by v-shaped valleys. It has a long mining history, both for precious metals and coal, going back several centuries, but there are no generally available, detailed records of production from any of these deposits.

The Corporation's San Javier Project is interpreted to lie on the eastern end of an east-west trending volcano-sedimentary basin referred to as the Barranca Basin. This basin may have originally developed as a pull-apart basin, formed along the axis of a major transform fault that passes through this area. The San Javier Project area has undergone faulting, fracturing and igneous activity as evidenced by complex structural features and local felsic to mafic intrusive bodies. This geological environment is favourable for the emplacement of many types of mineral deposits including epithermal vein deposits, porphyry deposits and other intrusive related deposits.

Detailed geological mapping has only been undertaken in a few areas of the property and an overall mapping remains to be done. Exploration focuses on three styles of mineralization observed within the San Javier concessions. These include:

- quartz vein and vein breccia, having northeasterly strikes and southeasterly dips,
- silica and clay alteration associated with igneous dykes, and
- quartz stockwork breccia.

All mineralization types appear to be related to linear fault structures that pass through the project area. The southeastern portion of the project area has had minimal to no exploration by the Corporation. Large oxidized and clay altered zones observed in this area may represent the presence of porphyry or iron-oxide-copper-gold style mineralization. The various styles of mineralization have been broadly classified as intrusion related in the Technical Report, for better understanding of the relationships of the various areas of mineralization found there. The concessions cover numerous showings of mineralization, many showing evidence of older workings over a strike length of 2½ to 3 kilometres.

There are two areas within the San Javier property with historical mine workings and two other accessible exploration adits. The largest of these is the Santa Rosa Mine, which connects with the El Polvorin Mine, and is located within the Santa Rosa concession in the western part of the Project area. The Santa Rosa and El Polvorin mine workings are accessible and in modest condition. As such, they can be used for exploration-sampling and for potential future development access. The workings extend over a strike length of 490 meters. The total length of underground workings reported in the Santa Rosa Mine is over 1,400 meters. There are currently five levels with the deepest being the Santa Rosa Level 4 at a vertical depth of 90 meters. They include two main adits and four winzes. The deepest winze extends below the Santa Rosa Level 4 for an unknown depth (8 to 10 meters) where an additional level was being developed when the mining was suspended in 1991. The workings also include two escape/ventilation adits in the northeastern part of the mining area, at shallow levels.

The second significant area with underground workings is referred to as Cerro Colorado, on the Las Bellotas Concession in the center of the San Javier Property. These workings include two areas with underground and limited open-cut workings, named Jasmin and Cerro Colorado (also known as La Colorada). It appears that both of these workings may have been accessed by an adit named the Carlotita Adit, presently partially blocked near its entrance resulting in a water backup that has prevented access. The extent of the underground workings at Cerro Colorado is currently unknown.

Lying between the Santa Rosa Mine and Cerro Colorado, within the Las Bellotas Concession, are two other old adits of unknown age (most likely late 19th or early 20th century). Numerous other short adits and shallow shafts/pits are located within the Property, whose significance is presently unknown other than to indicate a wide distribution of mineralized material.

Trends

The Corporation is a Canadian precious metal exploration corporation, focused on exploring its current property interests. The Corporation's future financial success will be dependent on management's successful development of the San Javier Project. Such development may take years to complete, and the resulting income, if any, is difficult to determine with certainty. To date, the Corporation has not produced any revenues.

There are significant uncertainties regarding the prices of precious metals and the availability of equity financing for the purposes of exploration and development. The future performance of the Corporation is largely tied to the outcome of its exploration activities, the development of its property interests and other prospective business opportunities, and the overall financial markets.

Financial markets are likely to continue to be volatile, reflecting ongoing concerns about the stability of the global economy and global growth prospects. Uncertainty in the financial markets has also led to increased difficulties in raising funds for junior exploration companies. Companies worldwide have been affected particularly negatively by these trends. As a result, the Corporation may have difficulties raising equity financing for the purposes of precious metal exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Corporation to discover and develop its current mineral exploration properties and any other property interests that may be acquired in the future. See "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Information".

Overall Performance

The Coody Morales well has proven to be a good producer and came back on-stream in 2017. This currently provides the Corporation with a modest source of revenues and is expected to generate strong cash flow for many years. The Corporation's Mexican exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable metals. In this low interest rate environment, the Corporation does earn some moderate amount of interest on cash on hand. Within the Corporation's mineral exploration property there are no deposits of minerals presently known to be economic, and any activities of the Corporation thereon will constitute exploratory searches for minerals.

Exploration Projects

San Javier Project, Mexico

The Corporation's goal was to consolidate properties adjacent to the Santa Rosa concession into a regionally meaningful target block and explore it to demonstrate its value and viability. The land consolidation succeeded in assembling the block of concessions that presently cover 2 ½ to 3 kilometers of potentially mineralized strike length and a comfortable zone of protection of down-dip and hanging wall protection. Exploration conducted by the Corporation in 2012 and 2013 consisted of underground mapping in all accessible workings, surface mapping of trenched and open cut areas, channel sampling of mineralized veins and other material exposed in those workings and limited surface geological mapping. At that time financial markets deteriorated such that the Corporation was unable to obtain additional funds and the resulting suspension of activity continued to the present day. New funding during the past period allowed some modest line-cutting activity to be undertaken in preparation for future exploration work.

TABLE 2: Exploration Expenditures at San Javier Project *(Canadian dollars)*

	Three Month ended March 31, 2018 $ (unaudited)	Six Month ended March 31, 2016 $ (unaudited)	Year ended September 30, 2016 $	Cumulative: inception in 2011 to Dec 31, 2017 $
Option payments	**19,608**	13,217	54,395	$385,496
Renewal and staking	**---**	2,533	3,444	88,616
Labour and contractors	**59,915**	4,727	79,485	610,273
Field supplies and	**9,422**	210	2,068	93,836
Drilling	**---**	---	---	295,838
Transportation	**18,209**	---	3,896	137,554
Assaying	**---**	5,975	409	143,340
Communications	**---**	---	20	396
Other	**14,656**	2,338	5,431	97,259
Totals	**121,810**	**29,000**	**149,148**	**1,852,608**

Subsequent to the underground sampling program conducted in 2012, a program of reconnaissance mapping, prospecting and sampling was carried out under the guidance of Seymour Sears, P.Geo, whose NI 43-101 report on the San Javier project can be viewed on SEDAR. During this program, a total of 9 prospects were identified within the property. Including the surface exposures at Santa Rosa/Polvorin mine, located near the southwest end of the property, a mineralized "corridor" about 200 m wide extends across the length of the property, a distance in excess of 3,000 m to the northeast.

At least 3 styles of mineralization were identified and sampled. These include vein and veinbreccia zones similar to the main Santa Rosa–Polvorin Zone; alteration zones associated with the margins of felsic to intermediate dykes, as at the Colorado Zone; and quartz stockwork breccia zones as represented by the Carranza Zone. The vein zones range in width from less than 1 m to 4.5 m. The other two styles of mineralization appear to have potential to be much wider.

At Colorado Zone, the silica and clay alteration is at least 11 m wide, and an 11.2 m composite of 4 samples across this zone averaged 284 g/t (8.3 opt) Ag.

The Carranza Zone at one point reaches a width of 31 m. Contained within this section occurs an 11.0 m interval (4 samples) that averages 238 g/t (6.9 opt) Ag.

On June 15, 2017 Canuc announced the results of a soil sampling program completed on the San Javier project. A total of 859 samples were collected and analyzed for multi-elements along the known trace of the San Javier Mineralized Corridor (SJMC). Forty-five lines, spaced fifty metres apart, were surveyed and sampled between the Polvorin mine portal and the NE end of property, a distance of 2,200 metres. The lines were between 300 m and 400 m in length, and samples were taken every 20 m along the lines. Many elements displayed anomalous trends, including silver, lead, arsenic, bismuth, copper and zinc. Statistical analysis shows that: 1) silver+lead, silver+arsenic, silver+antimony; 2) lead+arsenic, lead+antimony; 3) arsenic+antimony and 4) antimony+bismuth show strong correlations.

Silver anomalies follow the SJMC throughout the trend but expand around Cerro Colorado and where the Santa Rosa vein outcrops west of the Polvorin portal. Of significance is a new trend where the silver anomalies parallel the projection of a generally NNE-SSW trending fault that crosscuts the SJMC and Santa Rosa workings. A similar fault passes between El Jasmin and Cerro Colorado workings further NE, and two more such faults have been interpreted lying further to the east.

The proximity of the Carranza and Cerro Colorado/Jasmin breccia zones to the intersection of the SJMC and the NNE-SSW faults is considered to be important. The latter faults are believed to be of Paleozoic age and are thought to have been reactivated during the Laramide age when the SJMC was created and mineralized by nearby intrusions. Veining and mineralization has recently been identified along the westernmost "Paleozoic" fault near the Carranza breccia body. This provides potential for finding more mineralization along these faults away from the SJMC, and for finding larger breccia bodies at depth along the confluence of these two major fault trends.

It has been postulated that the breccia zones may widen as a result of structural controls. This could result in an increase in the possibility of locating substantial silver mineralization associated with this mineralized system.

The Corporation's plan is to commence exploration across the full property and start a drilling program to test the mineralization at depth and assess the potential of the whole structural zone. With the $2.0 million equity financing completed in February 2017, the Corporation had sufficient funds on hand to initiate the preliminary drill program and to complete 3,000 meters of drilling.

On September 12, 2017, Canuc announced initial results from its Phase I drill program. A total of 7 holes were completed, testing the Santa Rosa vein (SRV) over a strike length of 430 m northeast-southwest. The SRV was confirmed in all holes for a current strike length of 430 m and is open to the northeast, southwest and at depth.

Drill hole SJ17-001 intersected the SRV between 161.35 m and 165.70 m depth, yielding a weighted average of 202 g/t Ag, 0.57 g/t Au, 2.66% Pb and 2.57% Zn over 4.35 m. The SRV, and associated hydrothermal breccias, occur within porphyritic, andesitic volcanics. The volcanics are host to epithermal-style sulphide mineralization and late-stage, low temperature quartz +/- barite veining. Narrow, isolated veins occur in various locations above the SRV, yielding values ranging up to: 14.6 g/t Au, 2.45% Zn; 1.15 g/t Au, 368 g/t Ag, 8.97 % Pb, 10.0% Zn; and 1.17 g/t Au, 908 g/t Ag, 2.28% Pb, 3.46% Zn.

Hole SJ17-004, collared 245 m west of SJ17-001, intersected the SRV and breccias between 69.55 m and 80.0 m depth. It manifests as an upper silver-rich zone that averages 326 g/t Ag over 3.32 m, and a lower gold-rich level that averages 1.74 g/t Au over 6.0 m, including 4.24 g/t Au over 2.0 m. The lower zone also contains a 3.15 m interval that averages 1.25% Zn.

A new, high grade vein was intersected halfway down drill hole SJ17-004 with two splays yielding 2,052 g/t Ag, 3.83 g/t Au, 8.20% Pb and 4.28% Zn and 270 g/t Ag, 1.79 g/t Au, 2.09% Pb and 0.80% Zn over 1.0 and 0.8 meters respectively. This represents further evidence of high grade veins occurring as stacked, en echelon lenses along the San Javier mineralized corridor.

The lower portion of Hole SJ17-006, collared 255 m north of SJ17-001, intersected a quartz stockwork zone between 171 m and 214 m depth (43 m). It consists of thin quartz+barite stringers containing disseminated and patchy sulphides, including galena and sphalerite. The stockwork is hosted by quartzite, conglomerate and siltstone. The occurrence of a stockwork zone along the northeastern most section line is encouraging, and it has not been observed elsewhere; assay results are pending.

About 400 m further northeast of SJ17-006 occurs the Carranza breccia body. It is located just east of the intersection of a north-south trending fault and the NE-SW trending Noria vein. Previous surface sampling of the Carranza breccia yielded values of 274 g/t Ag and 0.69 g/t Au over 11 m. Elsewhere, the Cerro Colorado breccia zone, located between 600 m and 700 m northeast of Carranza, was also found at the intersection of the SRV trend and a north-south oriented fault. Surface sampling at Cerro Colorado yielded a weighted average of 285 g/t Ag and 0.21 g/t Au over 11.3 m. These two areas will be the focus of the next phase of drilling.

Management believes that the drilling supports the Santa Rosa vein along every section line drilled within a mineralized corridor over a strike length of 430 meters which is open in both directions (northeast and southwest) and at depth. Drilling has detected very high grade silver with high grades of gold and accessory zinc and lead mineralization within the corridor across widths of up to 4.3 meters within the Santa Rosa Vein. A new vein was discovered with high grade silver and gold values.

Drilling has taken place on the southwest portion of the Company's combined 19 claims, representing just over 10% of the property. Perhaps the most interesting geological result has been the detection of a 43 meter wide section of stockwork veining exhibiting sphalerite and galena in hole SJ17-006 along the northeastern most section of the Phase 1 drill program. This is the direction of the silver- and gold-bearing breccias which occur further to the northeast on the property.

On October 4, 2017 it was announced that drill hole SJ17-003 intersected high-grade silver with meaningful gold, lead and zinc credits. Drill hole number 3 intersected the SRV in two separate splays. The lower splay, from 138.77 to 140.25 meters, averaged 1,514 g/t (50 oz. /ton) silver, 2.91 g/t gold, 4.18% lead and 5.6% zinc over 1.48 m. The upper splay, from 128.5 to 128.87 m, averaged 156 g/t silver, 0.39 g/t gold, 1.01% lead and 1.86% zinc over 0.37 m. High-grade silver values found in the lower vein are a reflection of the metal values and vein quality that brought about early mining at San Javier.

Both diamond drilling and surface sampling indicate that mineralization in the SRV system increases in the northeast direction. In recognition of this, Canuc concluded an agreement to acquire an important 151-hectare claim block known as Tule 1. This claim envelops the Company's existing San Javier property to the northeast and adds considerable strike length to the SRV mineralized corridor.

There are several mineral showings and historical mine workings within the northeast land package. Of particular significance are two breccia zones which manifest on surface and have been identified from sampling programs: Carranza breccia zone, where previous sampling produced 274 g/t silver over a width of 11 m on surface, and Cerro Colorado breccia zone, which yielded 285 g/t silver over 11.3 m on surface (press release, April 13, 2017). These breccia zones occur near the confluence of the SRV trend with another north-south trending fault system.

In the coming months a new drilling program, along with detailed mapping and structural interpretation, will be carried out to target not only the continuation of the SRV but to also determine the size, grade and depth extensions of the breccia showings.

On October 12, 2017 Canuc reported high grade silver and gold assays from recent sampling of underground workings and from the Carranza breccia zones exposed on surface. A 3-D modeling exercise indicated a concentration of higher grade silver and gold results in underground workings on either side of a north-south fault that cross cuts the Santa Rosa mine workings. A program of check sampling was carried out to confirm and extend these high-grade results along the Polvorin level located west of this fault.

The north-south fault that intersects the SRV trend is deemed to be geologically important as a carrier for silver and gold mineralization. It has been recently recognized that the Carranza and Cerro Colorado breccia zones, which manifest on surface, lie at the intersections of the north-south faults and the NE-SW SRV trend. There are at least four such north-south faults that cross the property.

On October 24, 2017 the Company announced that it had entered into a definitive agreement (the "Agreement") to acquire title to a mining concession which has an area of 151.1443 hectares (the "Concession") from Minerales y Carbones de México S.A. de C.V. ("Carbones"). The Agreement calls for Carbones to transfer title to the Concession for total consideration of US$100,000 (the "Purchase Price").

The Purchase Price will be satisfied by delivery of 150,000 common shares of Canuc and USD$50,000 in cash.

The newly acquired mining concession envelops existing land holdings to the northeast. Early exploration has determined that silver-gold mineralization strengthens to the northeast. It is believed by the Company that there is a distinct possibility that silver bearing breccia and stockwork zones will be confirmed along this trend as exploration progresses. The confirmation of silver-gold bearing breccia zones, if discovered on surface, would mark a change in prospects and represent a significant mineral discovery at San Javier.

Two such silver-gold bearing breccia bodies have already been documented, Cerro Colorado and Carranza. Three more breccia bodies have been discovered this month. All of these breccia bodies are exposed on surface and occur at the intersection of the known NE-SW trending San Javier Mineralized Corridor with recently recognized north-south faults.

Santa Rosa, along with all other workings and showings along the nearly 4 km strike length of the SJMC, is hosted in the late Triassic age Barrancas Group, comprised predominantly of sandstone and lesser shale and siltstone. Brecciated hanging wall rocks were observed underground at the Santa Rosa mine, and potentially larger breccia bodies exist at the Carranza and Cerro Colorado zones, both located near the confluence of the SJMC with older faults which crosscut the SJMC. A road is being constructed to access the Carranza breccia zone, followed by rehabilitation of road access to Cerro Colorado.

On January 9th, 2018 the company announced that several breccia targets have been exposed and sampled between Carranza ("Carranza Breccia") to the SW and the Little Pit to the NE, a distance of over 1,500 meters. The Company has more than 400 samples in the laboratory, and complete results are expected by early February.

Recent mapping has shown that the areal extent of the breccia zones at Carranza may be much larger than originally estimated. The Carranza Breccia could extend over an area roughly 400 m by 100 m. The attached map shows the location of an 11 meter interval within this breccia zone, sampled in 2013, that averaged 238 g/t Ag and 0.72 g/t Au (press release dated April 13, 2017). Sixty meters to the ENE occurs another 6.5 m composite interval that averages 133 g/t Ag and 1.07 g/t Au (2013).

Also of significance is the Lydia vein/working, located on the SW end of Carranza Breccia just over 200 meters from the above-referenced intervals. A review of the 2013 sampling database shows that breccia had been identified in the Lydia mine workings and also on surface. Individual samples taken from the Lydia zone yielded anomalous values ranging from 164 g/t Ag & 1.78 g/t Au over 2.0 m to 1,240 g/t Ag & 7.07 g/t Au over 0.5 m. The Lydia workings were not systematically sampled in 2013, but detailed sampling was completed late in 2017. A breccia zone, up to 23 m across (apparent thickness) was noted in the lowermost adit.

On February 8th, 2018, announce initial results from a recently completed surface rock sampling program conducted at the Carranza and Lydia zones on the Company's San Javier project, Sonora, Mexico.

Mapping and sampling at the Lydia zone has identified a wide breccia zone up to 40 m across and trending NE-SW with a moderate southeasterly dip. Two lines of surface rock samples, located 40 m apart, were collected perpendicular to the trend of the breccias. One line returned 10 m averaging 210 g/t Ag and 5.0 g/t Au, including 6 m of 324 g/t Ag and 7.8 g/t Au. This line is above and roughly parallel with the main Lydia working where a 9 m interval averaged 173 g/t Ag and 0.78 g/t Au. These two mineralized intercepts are about 40 m apart horizontally, or about 70 m down dip. The other line contains two separate zones, about 8 m apart, that averaged 244 g/t Ag, 2.27 g/t Au and 99 g/t Ag, 0.36 g/t Au—each over 4 m widths.

At Carranza zone, a 4 m interval, located east of the 11 m section that averaged 238 g/t Ag and 0.72 g/t Au (2013), yielded 100 g/t Ag and anomalous Au. Twenty-five metres to the south occurs a 6 m interval that averages 162 g/t Ag and 0.83 g/t Au.

Sampling and mapping suggests that the precious metal mineralization, hosted by siliceous veins and breccias, is controlled by the Paleozoic fault (N-S to NE-SW) nearby. The fault, located between 20 m and 30 m NW of the mineralization at Carranza, is extensively covered with overburden, negating further surface sampling; the terrain does not permit for bulldozer excavation. A drill pad is being constructed (see attached image) to test various targets on and around Carranza summit, including the covered areas of the Paleozoic fault which is believed to host breccia-style mineralization along both sides. Additional drill pads will be located after the trenches between Lydia and Carranza have been constructed and sampled.

Oil and Gas Assets

<u>Midtex Project, Texas</u>

In July 2011, the Corporation completed the acquisition of Midtex, a private Ontario corporation, and a 100% working interest in a gas and oil well located on the leased property held by Midtex (collectively the "Midtex Assets"). At the time, an officer and 2 directors had ownership interests in Midtex and received 40% of the 360,000 common shares issued for the purchase of Midtex. As this was a related party transaction, an independent committee of the Board of Directors met, and upon receipt of the independent engineer's report, agreed on a valuation of $720,000 for Midtex.

The Midtex Assets included a producing gas well and undeveloped acreage located on the east half of Section 66, Block 4, T&P Ry. Co. Survey, Stephens County, Texas; north central Texas. The undeveloped acreage could accommodate an additional 3 to 4 wells, which could intersect 2 or 3 known productive gas horizons. This acreage, while having low pressure gas zones, benefited from a low pressure gas pipeline which bisects the property making the gas immediately saleable without constructing capital intensive transportation facilities. A second producing gas well was completed in late August 2011. Production from both wells began to decline sharply in late 2012 and in 2013 production was negligible. The first well was capped and the repair work was completed in Q1 2014 on the second well.

The Midtex project was expanded in 2012 and the Corporation is now an investor in two parcels of leased land in north-central Texas. The Corporation has a 20% working interest (16% net revenue interest) in the 2,000 acre Thompson project located in Stephens County Texas and a 15% working interest (12% net revenue interest) in the 14,574 acre Walker Buckler lease located in Shackelford County Texas.

In February 2013, the Thompson 40 #2 well intersected the same reservoir as the initial Thompson 40 well and commenced production in March 2013. The Thompson "A" well, to the north of the Thompson 40, was drilled in March 2013 and intersected the same horizon as the Thompson 40. In July 2013, the Thompson "B" well was spudded to the east of the Thompson "A" and was successful, commencing production later in the month. In February 2014, the Thompson 40 #5 well was drilled and it was also successful, commencing production in March of 2014. Drilling was initiated on the Thompson C well in June 2014 and intersected the same horizons as the other Thompson wells and came on stream in September 2014. The Thompson C well has performed admirably so far, but production has not been as strong as that of the other Thompson wells.

In December of 2015, all of the Corporation's wells were reviewed for impairment. Gas prices were declining all through 2015 and Management, in its judgement, determined that the low prices were likely to be prolonged and as such, an impairment assessment was required and an impairment charge of $569,731 was taken to the consolidated statement of (loss) income and comprehensive (loss) income. Prices recovered in 2016, only to see a slight decline in the early part of 2017. At December 31, 2016, Management determined that no additional impairment charge was needed. This view has not changed.

The 2015 $569,731 impairment charge relates to both the oil and gas property ($205,340) and oil and gas interests ($364,391). The oil and gas property consists of the Coody Morales well. At the end of 2015, management decided to shut in this well due to low gas prices. This decision contributed to the impairment charge as management was not able to predict when gas prices would rise and accordingly, was unable to predict the well's value in use. This well is a good producer and came back on-stream in 2017. It is expected that it will generate strong cash flow for many years. With the recommencement of production, Management will continue to assess this asset and the well may be written up reversing some of the impairment charges taken.

Management's estimates of value in use for the oil and gas interests considered the remaining production life of each well and production curves. Management also estimated future gas prices by taking the last known sales price for gas for each well and estimating gas price increases that were deemed to be reasonable. Management also determined a reasonable discount rate to assess each well's current value. Sensitivity analysis was run to assess the impact of variables such as discount rate and gas price increase rates. As noted above, in 2015 $364,391 was written off to the consolidated statement of (loss) income and comprehensive (loss) income. Unlike the oil and gas property, the write-down of the oil and gas interests are not reversible and therefore, no future write-up is possible.

On February 14th, 2018 the company announce plans for drilling another gas well on the Thompson lease in Stevens County, West Texas. The Company currently has 6 producing gas wells on the Thompson lease, and there are a number of offset locations which can be drilled.

Wells drilled on the Thompson lease have identified 3 productive horizons. Decline rates for natural gas production in the lowest and first productive horizon, the Iona Hickey Conglomerate, have proven slow which suggests a robust natural gas endowment and a long field life. Above the Iona Hickey Conglomerate zone there are 2 further productive horizons. The first of these 2 further horizons is the Caddo Limestone, which is a well-known oil producer in the area. Further up the pipe is the Strawn Sand which is a gas zone. Both the Caddo Limestone oil zone and the Strawn Sand natural gas zone can be produced pursuant to sufficient decline of natural gas production from the lower Iona Hickey Conglomerate zone.

The 6 producing wells on the Thompson lease are connected to a short collector line which ties into a major natural gas line a few miles distance. This line supplies consumers local to Steven's County and ensures a higher net gas price as a result of low transportation costs.

So far, the initial 6 wells on the Thompson lease have experienced slow decline rates, producing at in excess of 80% of initial production rates after 5 years of operation, and are still producing gas from the first of the three productive horizons (Iona Hickey Conglomerate). The addition of new wells can potentially contribute further to oil and natural gas operations.

Outlook

Due to the continued success encountered on the Thompson lease, the operator, Marjac Oil Corporation Inc., has informed Canuc that additional wells are planned for the undeveloped acreage but not until natural gas prices begin to improve.

SELECTED ANNUAL FINANCIAL INFORMATION

	Periods Ended		
	March 31, 2018 ($)	**December 31, 2017 ($)**	**March 31, 2017 ($)**
Net loss for the period	108,710	5,350,172	3,029,628
Basic and diluted loss per share	(0.01)	(0.15)	(0.11)
Total assets	1,280,632	588,894	1,778,971

RESULTS OF OPERATIONS

For the 3 months ended March 31, 2017 compared with six months ended March 31, 2017

Canuc's net loss totaled $108,710 for the three months ended March 31, 2018, with basic and diluted loss per share of $0.01. This compares with a net loss of $3,029,628 with basic and diluted loss per share of $0.11 for the six month ended March 31, 2017. The decrease of $2,920,918 in net loss was principally because:

- The Corporation reported oil and gas revenues of $71,841 for the three months ended March 31, 2018 compared to $11,000 for the six months ended March 31, 2017. The increase is due to the Transaction with of Former Canuc.
- Operating oil and gas gross income expressed as a percentage of net sales after deducting royalties and depletion was 47% for the three months ended March 31, 2018 largely due to lower operating costs.
- Operating expenses for the three months ended March 31, 2018 was $142,227 compared to $3,031,689 for the six months ended March 31, 2017. The increase in operating expenses was principally because:
  - Goodwill of $2,525,506 written off due to the Transaction with Former Canuc during the six months ended March 31, 2017.
  - Evaluation cost increased to $121,810 during the three months ended March 31, 2018, compared to $29,000 for the six months ended March 31, 2017 as the Corporation increased exploration and evaluation expenditure on the San Javier Project due mainly from lack of capital resources before the Transaction.
  - Stock based compensation decreased to $nil for the three months ended March 31, 2018, compared to $264,220 for the six months ended March 31, 2017, as the stock options were granted in connection with the merger.

SELECTED QUARTERLY FINANCIAL INFORMATION

A summary of selected information for each of the six most recent quarters is as follows

Three Months Ended	Total Revenue ($)	Loss (Income) Total ($)	Loss (Income) Per Share ($)	Total Assets ($)
2018-March 31	71,841	(108,710)	(0.01)	1,280,632
2017-December 31	61,165	(854,974)	(0.02)	588,894
2017-September 30	68,871	(986,912)	(0.01)	718,729
2017-June 30	98,871	(478,658)	(0.01)	1,425,305
2017-March 31	11,000	(2,978,807)	(0.11)	1,778,971
2016-December 31	-	(52,882)	(0.00)	73,003

SUMMARY OF QUARTERLY RESULTS

Canuc's net loss totaled $108,710 for the three months ended March 31, 2018, with basic and diluted loss per share of $0.01. This compares with a net loss of $2,978,807 with basic and diluted loss per share of $0.11 for the three months ended March 31, 2017. The decrease of $2,870,097 in net loss was principally because:

- The Corporation reported oil and gas revenues of $71,841 for the three months ended March 31, 2018 compared to $11,000 for the three months ended March 31, 2017. The increase is due to the Amalgamation of Former Canuc.
- Goodwill of $2,525,506 written off due to the Transaction with Former Canuc during the six months ended March 31, 2017.
- Stock based compensation decreased to $nil for the three months ended March 31, 2018, compared to $264,220 for the three months ended March 31, 2017, as the stock options were granted in connection with the merger.

LIQUIDITY AND CAPITAL RESOURCES

While the Corporation does receive a modest amount of oil and gas sales cash flow, the activities of Canuc, principally the exploration and acquisition of silver, gold and base metal properties and the acquisition and development of oil and gas properties, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. While the Corporation has promising oil and gas production, it still must utilize its funds obtained from the sale of equity and other financing transactions to maintain its working capital requirements as well as its ongoing exploration programs and operating activities. There is no assurance that equity capital will be available to the Corporation in the amounts or at the times desired or on terms that are acceptable to the Corporation, if at all. See “Risks and Uncertainties”.

The Consolidated Statement of Financial Position at March 31, 2018 reflects the consolidated balances of Former Canuc and Santa Rosa. On February 21, 2017 Former Canuc completed the reverse takeover transaction resulting in the combination of Former Canuc and Santa Rosa. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis. All equity instruments of Santa Rosa have been retrospectively adjusted to give effect to the share 2-for-1 consolidation from the Transaction. To give effect to the purchase price Santa Rosa 10,186,751 common shares valued at $2,037,350; 3,550,00 share purchase warrants valued at $363,610; and 805,000 stock options valued $103,095 were deemed to be issued by Santa Rosa to holders of Former Canuc equity instruments.

On February 21, 2017 the Corporation closed a concurrent financing of $2,000,000. The closing of this financing resulted in the issuance of 8,000,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant. The Corporation incurred financing costs of $150,617 (cash) and issued 225,064 common shares valued at $30,000 and 602,468 broker warrants valued at $59,102 and 75,064 broker units. Each broker unit had the same terms as a unit in the financing; accordingly 75,064 common share were valued at $15,000 and the 37,532 warrants were valued at $2,425. The net proceeds after all cash and share-based issuance costs of $1,742,856 were allocated on a relative fair value basis between share capital ($1,468,856) and warrants reserve ($274,000).

On November 27, 2017 the Corporation closed a financing of $464,934. The closing of this financing resulted in the issuance of 1,162,335 units, with each unit priced at $0.40 and comprised of one common share and one half of one common share purchase warrant.

On March 5, 2018 the Company closed a financing of $1,105,000. The closing of this financing resulted in the issuance of 4,420,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant.

The Corporation’s cash totaled $893,020 at March 31, 2018 (March 31, 2017 - $1,152,494). The Corporation had negative working capital of $ 717,298 at March 31, 2018 (March 31, 2017 – $ 941,720).

Current liabilities of the Corporation at March 31, 2018 were $300,033 (March 31, 2017 - $313,708), reflecting the Corporation’s increased activity now that it has the resources to develop its assets.

To the date of this MD&A, the cash resources of the Corporation are held in cash and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are primarily short-term and non-interest bearing. The Corporation has no liquidity risk with financial instruments as it only holds cash. In addition, accounts receivable consist primarily of oil and gas sales in Texas, USA and also of sales tax owing from government authorities in Canada. The Corporation presently uses its cash principally in three areas: (a) funding of its activities at the Santa Rosa mining properties in Mexico; (b) investing in oil and gas interests in Texas; and (c) for working capital purposes. In the future, should the Corporation acquire new exploration properties or engage in large-scale exploration activities, it will need to secure new capital to fund the purchase of, and activities on, those properties.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

TRANSACTIONS WITH RELATED PARTIES

Related parties include officers of the Corporation and its subsidiaries, its Board of Directors, key management personnel, their close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS24, key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any director (executive and non-executive) of the Corporation.

The agreement under which Minera Stramin may acquire the Santa Rosa and Ampliación de Santa Rosa concessions is with two estates whose beneficiaries include an individual who is a director of Minera Stramin and therefore a key management person.

A portion of the Net Smelter Return Royalty (“NSR”) royalties that were granted as part of the original formation of the Corporation and its mineral concession portfolio making up the San Javier Project (amounting to 2.5%), is held by three of the Corporation’s related parties. Of the 2.5% NSR 1.5 percent is owned as follows: Christopher Berlet (Chief Executive Officer) holds an interest as to 1.0% of net smelter returns from future production, Dennis Waddington (former CFO of the Corporation) holds an interest as to 0.25% of net smelter returns from future production and Marco Bernal (a director of the Corporation’s subsidiary Minera Stramin) holds an interest as to 0.25% of net smelter returns from future production.

<u>Remuneration of directors and key management personnel</u>

Remuneration of directors and key management personnel, other than consulting fees, of the Corporation was as follows:

For the quarter ended March 31,	**2018**
Cash-based remuneration	**$ 19,000**
Non-cash-based compensation	**0**
	$ 19,000

The foregoing related party transactions were conducted in the normal course of business and were accounted for at the exchange amount which is the amount agreed between the parties.

PROPOSED TRANSACTIONS

The Corporation routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Corporation is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Critical accounting estimates</u>

Significant assumptions about the future that management has made and that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

- The recoverability of accounts receivable that are included in the FS as at March 31, 2018;
- The inputs used in accounting for share based payment transactions in profit or loss;
- Fair value allocation of Units between common shares and warrants
- Management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- Management's position that there are no income tax considerations required within the March 31, 2018 FS.
- Management's estimates of value in use on its oil and gas property and investments
- Net investments in a foreign operation

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy that involves judgments or assessments made by Management.

Management also makes judgement about its segments, cash generating units, functional currency, when and if deferred taxes are recoverable and the economic recoverability of its investments in oil and gas producing assets.

SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC"). Some updates that are not applicable or are not consequential to the Corporation may have been excluded from the list below. None of these are expected to have a significant effect on the consolidated financial statements of the Company.

IFRS 9 – Financial Instruments ("IFRS 9") which proposes to replace IAS 39 Financial Instruments Recognition and Measurement. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets — amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held-to-maturity, available-for-sale and loans and receivable categories. Based on the Corporation's assessment, the Corporation has determined that this standard will not have a significant impact on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB in May, 2014. IFRS 15 provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 became effective as of January 1, 2018 and was applied retrospectively. Based on the Corporation's assessment, the Corporation has determined that this standard will did not have a significant impact on its consolidated financial statements.

IFRS 16 - Leases ("IFRS 16") was issued by the IASB in January 2016, and will replace IAS 17 Leases ("IAS 17"). Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for the annual periods beginning on or after January 1, 2019 with early adoption permitted. The Corporation is currently assessing the impact of this pronouncement.

CAPITAL STOCK

As of the date of this MD&A, the Corporation had 50,434,150 common shares issued and outstanding.

On February 21, 2017 Former Canuc completed the reverse takeover transaction resulting in the combination of Former Canuc and Santa Rosa. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis

On February 21, 2017 the Corporation closed a concurrent financing of $2,000,000. The closing of this financing resulted in the issuance of 8,000,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant.

The Corporation incurred financing costs of $150,617 (cash) and issued 225,064 common shares valued at $30,000 and 602,468 broker warrants valued at $59,102 and 75,064 broker units. Each broker unit had the same terms as a unit in the financing; accordingly 75,064 common share were valued at $15,000 and the 37,532 warrants were valued at $2,425. The net proceeds after all cash and share-based issuance costs of $1,742,856 were allocated on a relative fair value basis between share capital ($1,468,856) and warrants reserve ($274,000).

On March 8, 2017, the Corporation issued 2,200,000 incentive stock options to Officers, Directors and consultants of the Corporation. These options have a 3 year term, a $0.50 exercise price and vested immediately. In April 2017, an additional 400,000 options were granted on the same terms.

On November 27, 2017 the Company closed a financing of $464,934. The closing of this financing resulted in the issuance of 1,162,335 units, with each unit priced at $0.40 and comprised of one common share and one half of one common share purchase warrant.

Subsequent to the period end, on March 5, 2018, the Corporation closed on private placement financing for gross proceeds of $1,105,000. Canuc has issued 4,420,000 units ("Units") priced at $0.25 per Unit. Each Unit consists of one common share ("Common Share") and one-half of one warrant ("Warrant") to purchase one Common Share. Each whole Warrant is exercisable into one Common Share at a price of $0.40 for a period of two years from March 5, 2018.

Since the Transaction closing date of February 21, 2017 to March 31, 2018, a total of 975,000 stock options were exercised, resulting in proceeds of $143,250, and 2,800,000 warrants with a $0.10 exercise price were exercised for proceeds of $280,000.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
120,000	October 5, 2018	$0.06
185,000	May 17, 2019	$0.25
580,000	May 30, 2019	$0.10
1,845,000	March 3, 2020	$0.50
400,000	April 6, 2020	$0.50

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
478,500	February 21, 2019	$0.10
272,000	May 9, 2018	$0.10
4,000,000	February 21, 2019	$0.50
602,468	February 21, 2019	$0.25
37,532	February 21, 2019	$0.50
581,167	December 21, 2019	$0.40

4,000	December 21, 2019	$0.40
2,210,000	March 5, 2020	$0.40

FINANCIAL INSTRUMENTS

The nature and extent of the Corporation's use of financial instruments and risk exposures that might impact its financial instruments are summarized below.

Financial Risk

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Corporation had a cash balance of $893,020 to settle current liabilities of $300,033. As at March 31, 2017, the Corporation had a cash balance of $1,153,494 to settle current liabilities of $313,708. All of the Corporation's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

The Corporation has cash balances and no interest-bearing debt. The Corporation's current policy is to invest excess cash in money market funds. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is not currently exposed to risks from changes in interest rates.

Credit Risk

The Corporation's credit risk is primarily attributable to sundry receivables. The Corporation has no significant concentration of credit risk arising from operations. Included in sundry receivables is sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments included in sundry receivables is remote.

Foreign Exchange Risk

These consolidated financial statements are presented in Canadian Dollars. The Canadian dollar is the functional currency of Santa Rosa Silver Mining Corp. The Mexican peso is the functional currency of Minera Stramin. The Corporation's reporting currency is the Canadian dollar. The Corporation funds certain operations, exploration and administrative expenses on a cash basis in Mexican Pesos (MXN) or US Dollars (USD) converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is for the foreseeable future not material and therefore does not hedge its foreign exchange risk. The following chart shows cash held in foreign currencies:

	March 31, 2018		March 31, 2017	
	US Dollar	**MXN Peso**	**US Dollar**	**MXN Peso**
Cash held in foreign currency	9,659	108,146	18,421	180,082
Value of foreign currency in Canadian dollars	12,455	7,650	24,502	12,779

Sensitivity Analysis

As at March 31, 2018, the Company held $12,455 and $7,650 in cash balances denominated in US dollars and Mexican pesos respectively. A 10% change in the value of the Canadian dollar compared to those other foreign currencies would result in a foreign exchange gain/loss of approximately $1,246 and $765 respectively for the US dollars and Mexican pesos accounts

Fair Value

The carrying values of the Corporation's current financial instruments comprising cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable and appropriate.

There were no changes in the Company's approach to capital management during the period ended March 31, 2018. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has no external debt and is dependent on the capital markets to finance exploration and development activities.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The following table sets out the material components of the general and administrative expenses for the three months ended March 31, 2018 and six months ended March 31, 2017 providing detail from the Statement of Net Loss and Comprehensive Loss in the related financial statements.

Operating expenses

Expense	Three Months Ended March 31, 2018 ($)	Six Months Ended March 31, 2017 ($)
Listing costs	---	2,525,506
Stock-based compensation	---	264,220
Management fees and consulting	**87,918**	162,784
Shareholder and investor relations	**169,797**	111,591
Evaluation expenses	**121,810**	29,000
Office and general costs	**29,714**	13,344
Value added taxes	---	11,881
Interest expense	**194**	387
Professional fees	**10,700**	(77,901)
Foreign exchange (gain) loss	**(277,906)**	(9,123)
Total	**142,227**	**3,031,689**

RISKS AND UNCERTAINTIES

Securities of the Corporation should be considered to be speculative due to the nature of the mineral exploration business in which the Corporation is engaged. Some of the risks associated with an investment in the securities of the Corporation are described below.

Lack of Reserves

The Corporation has a single project, being the San Javier Silver-Gold-Lead-Zinc Project. The San Javier Project has no resources or reserves. If exploration programs on the San Javier Project are unsuccessful, the Corporation will have no undertaking and no basis to continue in the mineral exploration sector.

Exploration, Development and Operating Risks

Exploration and mining operations generally involve a high degree of risk. Although adequate precautions to minimize risk will be taken, the Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals. Uncertainties in exploration operations and expenses can arise from working in remote and physically difficult environments where weather, topography and seasonal factors can be unpredictable, and infrastructure taken for granted elsewhere has not yet been installed. Risks and uncertainties in the mining phase include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations related to mining are also subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas that may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Insurance may not cover all the potential risks associated with a mining Corporation's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events could cause the Corporation to incur significant expenses that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Land Title

Although the title to the mineral concessions covering the properties in which the Corporation holds an interest were reviewed by or on behalf of the Corporation, no total assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and the Corporation's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained

Competition

The mining industry is competitive in all of its phases. The Corporation faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Corporation. As a result of this competition, the Corporation may be unable to acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Corporation's revenues, operations and financial condition could be materially adversely affected.

Additional Capital

The exploration and development of the Corporation's properties will require substantial additional financing, through the Amalgamation or otherwise. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

Commodity Prices

The price of the common shares, the Corporation's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious and base metals. Precious and base metal mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major precious and base metal mineral-producing countries throughout the world. The prices of precious and base metals have fluctuated widely in recent periods, and future serious price declines could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of precious and base metals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Corporation's mining properties is dependent on precious and base metal mineral prices that are adequate to make these properties economic.

In addition to adversely affecting the Corporation's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Precious and base metal minerals are generally sold in US dollars and the Corporation's costs will be incurred principally in Canadian and US dollars and Mexican pesos. The appreciation of non-US dollar currencies against the US dollar can increase the cost of precious and base metal mineral exploration and production in US dollar terms.

Government Regulation

The mining, processing, development and mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

Key Executives

The Corporation is dependent on the services of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of these persons or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

SUBSEQUENT EVENTS

Subsequent to the Quarter Ended March 31, 2018, on May 7, 2018 the Company appointed Artie Hao Li as the Chief Financial Officer of the Company.

Subsequent to the Quarter Ended March 31, 2018, on May 17, 2018, the Company signed a Letter of Intent to acquire “Full Circle Energy”. Full Circle Energy’s assets consists of 6 sections of undeveloped oil prospective acreage in southwest Saskatchewan, and a Farmin agreement for a further 6.3 contiguous sections of adjacent land.

Canuc will acquire Full Circle on a share exchange basis with a valuation which will be determined by an Independent Consulting (Petroleum) Engineer. Seismic surveys and subsurface geological mapping on the sections held by Full Circle indicate potential for the Upper Shaunavon formation, a well-known oil producing horizon in this area. The Shaunavon stretches over a distance of 40 miles in a northeast-southwest direction and at its northern end to date has yielded a total of 4.4 million barrels of oil. Full Circle's lands are at the south end of this trend and offset a well that produced a total output of 125,000 barrels.

The Company believes that the acquisition represents a great opportunity to enhance existing cash flow from oil and gas operations. The opportunity is de-risked by offsetting production at an existing well while commercial risk can be further reduced by offtake avenues already identified. The situation represents an opportunistic acquisition prospect that can be highly accretive to shareholder value. Year round access to producible acreage can be secured in the oil industry friendly jurisdiction of Saskatchewan, Canada.

Subsequent to the Quarter Ended March 31, 2018, On May 22nd, 2018 the company announces that it has released from option two of the 19 ground position claims San Javier. These 2 claims, which represent just over 8% of the total claim package, were deemed to have metal budgets insufficient to support their option costs. The remaining claims are owned outright.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation’s assets are safeguarded and to facilitate the preparation of relevant and timely information.