

GROSVENOR

RESOURCE CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended August 31, 2017

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as at November 15, 2017 and should be read in conjunction with the audited financial statements for the year ended August 31, 2017 of Grosvenor Resource Corporation (formerly Reva Resources Corp.) ("Grosvenor" or the "Company") with the related notes thereto. Those audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be accurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

Grosvenor is a natural resource company engaged in the acquisition and exploration of mineral properties. The Company's head office is in Vancouver, British Columbia. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia and trades on the TSX Venture Exchange ("TSX-V") under the symbol GVR.

Overview

Mineral Hill

Mineral Hill covers an area of 866.18 hectares and includes the formerly productive veins of the Mineral Hill Mine, from which a reported 77,605 tons of mineralized material was mined and milled, yielding 8,894 ounces of gold 252,939 ounces of silver, 40,822 pounds of copper, 2,205,444 pounds of lead, and 367,869 pounds of zinc.

In fiscal 2014, the Company acquired a 50% interest in the Mineral Hill gold-silver property ("Mineral Hill") from Remington Resources Inc. ("Remington"). During the year ended August 31, 2016, Company purchased the remaining 50% of Mineral Hill from Remington.

During the year ended August 31, 2015, the Company incurred \$332 for assays, \$594 for field supplies, \$4,800 of geological consulting, \$450 for mapping and \$998 for travel and, recovered \$4,395 in tax credits.

During the year ended August 31, 2016, a prospecting and sampling program was completed on Mineral Hill. The Company incurred \$284 for assays, \$500 for claim maintenance, \$5,800 for geological consulting, \$625 for mapping, \$1,432 for travel and, recovered \$2,592 in tax credits.

During the year ended August 31, 2017, the Company spent \$26,485 for claim maintenance and, recovered \$6,632 in tax credits. The property remains in good standing.

Share Consolidation

On August 10, 2016, the Company completed a 4 old for 1 new share consolidation. All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

Selected Annual Information

	2017	2016	2015
Exploration and evaluation asset	\$ 446,548	\$ 426,695	\$ 270,646
Total assets	3,516,219	3,582,912	3,577,520
Current liabilities	24,177	16,802	36,371
Income (loss) for the year	(26,775)	308,720	140,281
Comprehensive income (loss) for the year	(74,068)	24,961	(1,183,929)
Earnings (loss) per share	(0.00)	0.01	0.01

Results of Operations

During the year ended August 31, 2017 (“current year”), the Company recorded a comprehensive loss of \$74,068 compared to comprehensive net income of \$24,961 for the year ended August 31, 2016 (“comparative year”). The significant changes are as follows:

- During the current year, the Company recorded an unrealized loss on marketable securities of \$47,293 compared to a loss of \$283,759 during the comparative year. This decrease relates to the change in value of its Newport common shares.
- During the current year, the Company recorded a deferred tax expense on the loss on marketable securities of \$7,067 compared to an expense on the loss of marketable securities of \$42,401 during the comparative year.
- During the current year, professional fees increased to \$90,400 from \$72,031 incurred during the comparative year. The increase is due to an increase in fees paid to the Company’s CFO.
- During the current year, management fees increased to \$42,000 from \$Nil incurred during the comparative year. Upon appointment, the Company commenced remitting \$6,000 per month to its new CEO.

Liquidity and Capital Resources

The Company's working capital position at August 31, 2017 was \$3,045,494 as compared to a working capital position of \$3,139,415 at August 31, 2016. The decrease in working capital is mainly due cash spent for operations and to the decrease in value of the Newport marketable securities held by the Company, offset by dividend income received of \$271,800. Newport granted a special dividend of \$0.05 per share during the year.

As at August 31, 2017, the Company had current assets of \$3,069,671 (2016 - \$3,156,217), total assets of \$3,516,219 (2016 - \$3,582,912) and total liabilities of \$24,177 (2016 - \$16,802). At August 31, 2017, the Company had no long-term debt outstanding. There are no known trends in the Company's liquidity or capital resources.

The Company has financed its operations to date primarily through the dividends received from its Newport shareholdings, the sale of mineral properties, issuance of common shares, exercise of stock options and share purchase warrants. The Company may seek capital through various means including the issuance of equity and/or debt.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

The continuing operations of the Company are dependent upon its ability to raise adequate financing and/or commence profitable operations in the future.

Quarterly Financial Information

The following table sets forth selected unaudited financial information prepared by management of the Company:

	Three Months Ended Aug 31, 2017	Three Months Ended May 31, 2017	Three Months Ended February 28, 2017	Three Months Ended November 30, 2016
Total assets	\$ 3,516,219	\$ 3,646,348	\$ 3,589,890	\$ 3,828,505
Working capital	3,045,494	3,212,703	3,148,674	3,382,109
Income (loss) for the period	135,903	(54,204)	(91,055)	(17,419)
Comprehensive net income (loss) for the period	(147,856)	64,029	(232,935)	242,694
Earnings (loss) per share	0.00	(0.00)	(0.00)	(0.00)

	Three Months Ended August 31, 2016	Three Months Ended May 31, 2016	Three Months Ended February 29, 2016	Three Months Ended November 30, 2015
Total assets	\$ 3,582,912	\$ 3,585,238	\$ 3,113,086	\$ 3,200,449
Working capital	3,139,415	3,145,314	2,687,131	2,910,269
Income (loss) for the period	418,060	16,126	(49,491)	(75,975)
Comprehensive net income (loss) for the period	(7,578)	441,764	(73,138)	(359,734)
Earnings (loss) per share	0.02	0.00	(0.00)	(0.00)

Fiscal 2017

During the three months ended August 31, 2017, the Company recorded a comprehensive loss of \$147,856, compared to income of \$64,029 during the three months ended May 31, 2017. The change from the prior period was primarily attributable to the decrease in market value of its Newport shareholdings, offset by receipt of dividend income of \$271,800.

During the three months ended May 31, 2017, the Company recorded comprehensive income of \$64,029, compared to a comprehensive loss of \$232,935 during the three months ended February 28, 2017. The change from the prior period was primarily attributable to the increase in market value of its Newport shareholdings.

During the three months ended February 28, 2017, the Company recorded a comprehensive loss of \$232,935, compared to comprehensive income of \$242,694 during the three months ended November 30, 2016. The change from the prior period was primarily attributable to the decrease in market value of its Newport shareholdings, and an increase in overall operating expenses.

During the three months ended November 30, 2016, the Company recorded comprehensive income of \$242,694, compared to a comprehensive loss of \$7,578 during the three months ended August 31, 2016. The change from the prior period was primarily attributable to the increase in market value of its Newport shareholdings.

Fiscal 2016

During the three months ended August 31, 2016, the Company recorded a comprehensive loss of \$7,578, compared to comprehensive income of \$441,764 during the three months ended May 31, 2016. The change from the prior period was attributable to the decline in market value of its Newport shareholdings offset by the receipt a \$543,600 Newport dividend.

During the three months ended May 31, 2016, the Company recorded comprehensive income of \$441,764 compared to a comprehensive loss of \$73,138 recorded during the three months ended February 29, 2016. The change was attributable to the change in market value of its Newport shareholdings.

During the three months ended February 29, 2016, the Company recorded a comprehensive loss of \$73,138 compared to a comprehensive loss of \$359,734 recorded during the three months ended November 30, 2015. The change was attributable to the change in market value of its Newport shareholdings.

During the three months ended November 30, 2015, the Company recorded a comprehensive loss of \$359,734 compared to a comprehensive loss of \$776,981 recorded during the three months ended August 31, 2015. The change was attributable to its Newport shareholdings decrease in market value in the prior period, compared to a lesser decline in the current period.

Related Party Transactions

During the year ended August 31, 2017, the Company entered into the following transactions with related parties:

- a) Paid rent of \$30,000 (2016 - \$22,000) to a company controlled by Ian Rozier, CEO and director of the Company.
- b) Paid management fees of \$42,000 (2016 - \$Nil) and director fees of \$5,000 (2016 - \$Nil) to a company controlled by Ian Rozier, CEO and director of the Company.

- c) Paid or accrued directors fees of \$12,000 (2016 - \$12,000) to Harvey Kardos, a director of the Company.
- d) Paid or accrued directors fees of \$12,000 (2016 - \$12,000) to Douglas Scheving, a director of the Company.
- e) Paid or accrued directors fees of \$7,000 (2016 - \$Nil) to Douglas Hyndman, a director of the Company.
- f) Paid professional fees of \$68,000 (2016 - \$46,000) to a company controlled by Tyler Friesen, the CFO of the Company.

The following amounts, with respect to the above transactions, are owing to related parties as at August 31, 2017:

- a) \$2,000 (2016 - \$2,000) to Douglas Scheving, a director of the Company
- b) \$2,000 (2016 - \$2,000) to Harvey Kardos, a director of the Company
- c) \$2,000 (2016 - \$Nil) to Douglas Hyndman, a director of the Company

These amounts are non-interest bearing, unsecured and paid in the ordinary course of business.

Key management includes directors, executive officers and officers of the Company. The Company paid or accrued fees to management or companies controlled by key management as follows:

	August 31, 2017	August 31, 2016
Professional fees	\$ 68,000	\$ 46,000
Management fees	\$ 42,000	\$ -

Financial and Capital Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The fair value of short term investments was \$276,037 at August 31, 2017 (2016 -\$555,866), a level 1 fair value measurement.

Financial Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and equivalents, marketable

securities, short-term investments and receivables, the carrying value totalling \$3,064,629, represents the Company's maximum exposure to credit risk. Management believes that the credit risk concentration with respect to financial instruments is remote because cash and equivalents and short-term investments are held with reputable Canadian financial institutions. Receivables consist mainly of GST and interest. The Company does not consider any of its current receivables past due. The Company believes any credit risk associated with its receivables is remote due to the historical success of collecting receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at August 31, 2017, the Company had a cash and equivalents balance of \$1,519,190 (2016 - \$1,278,248), marketable securities of \$1,250,280 (2016 - \$1,304,640) and short-term investments of \$276,037 (2016 - \$555,866) to settle current liabilities of \$24,177 (2016 - \$16,802). All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

a) Interest rate risk

The Company has cash and equivalents balances and short-term investments. The Company's current policy is to invest excess cash in investment-grade short-term deposits certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect on net income and comprehensive net income of a 1% change in interest rates is approximately \$2,700.

b) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital management

Newport's objectives when managing capital is to pursue the exploration and evaluation of its mineral property, possibly acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

Newport manages the capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company monitors its expenditures against its available capital.

The Company is currently not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

Critical accounting estimates, judgments and assumption

The preparation of these 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 the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

New and Future Accounting Standards

The Company has not adopted any material new or revised standards during the year ended August 31, 2017.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended August 31, 2017, and have not been applied in preparing these financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which will supersede IAS 18 – Revenue and related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on September 1, 2018.

IFRS 9 – Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on September 1, 2018.

IFRS 16 – Leases

On January 13, 2016 the IASB issued IFRS 16 – Leases, which will supersede IAS 17 – Leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on September 1, 2019.

The extent of the impact of adoption of these standards has not yet been determined.

Risk, Uncertainties and Outlook

As a company engage in the mineral resource acquisition and exploration industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities.

There can be no assurances the Company will be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs. In addition to this having an impact on any future wholly owned projects, the Company could be in a position, at a future time, where it is unable to fund its share of costs incurred under joint venture agreements to which it may be a party, and its interest in such joint ventures could be reduced or eliminated as a result.

The Company is very reliant upon its existing management, and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is competition within the natural resource industry for properties of merit, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if a desirable property was secured, there can be no assurances that the Company will be able to execute its exploration programs on its proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure, and the availability of essential supplies and services.

These conditions may lead to increased costs and difficulties in scheduling contractors at times that are optimal from the Company's perspective.

The Company's future exploration activities may require permits from various governmental agencies charged with administrating laws and regulations governing exploration, labour standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

Contingencies

As of the date of this MD&A, the Company has no contingencies.

Off Balance Sheet Arrangements

As of the date of this MD&A, the Company has no Off Balance Sheet arrangements.

Investor Relations

As of the date of this MD&A, the Company has no investor relations agreements.

Proposed Transactions

As of the date of this MD&A, the Company has no proposed transactions.

Share Capital

As at November 15, 2017, the Company had 26,850,694 common shares outstanding and the following outstanding warrants and options:

Outstanding Options:

Nil

Outstanding Warrants:

Nil

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward-Looking Information

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirements for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.