HI HO SILVER RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2016
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A. INTRODUCTION

The following management discussion and analysis of the operating results and financial position of Hi Ho Silver Resources Inc. (the “Company” or “Hi Ho Silver”), dated for reference December 28, 2016, constitutes management’s view of the factors that affected the Company’s financial and operating performance for the first quarter ended October 31, 2016. This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the years ended July 31, 2016 and the unaudited interim financial statements for the three months ended October 31, 2016.

On August 3, 2016, the Company completed a share consolidation on the basis of 25 old shares for 1 new share. This share consolidation has been retroactively presented in this MD&A and all share amounts, including per share amounts, reflect the share consolidation.

All dollar amounts are in Canadian currency unless otherwise specified.

The Company’s website can be found at www.hihoresources.com. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com.

This Management Discussion and Analysis ("MD&A") is prepared in conformity with National Instrument 51-102 F1 and was approved by the Board of Directors on December 28, 2016.

B. FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by applicable Canadian Securities law.

C. STRUCTURE AND BUSINESS DESCRIPTION

Hi Ho Silver Resources Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on April 7, 2005. All of the Company’s efforts are currently devoted to developing exploration properties in Canada. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The Company’s head office and its registered records offices are located at Suite 201, 1090 West Pender Street, Vancouver, BC, Canada, V6E 2N7. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the CNSX Exchange under the symbol "HHS". The Company is also listed on the Frankfurt Stock Exchange under the symbol "H9T".

D. OPERATING ACTIVITIES

The net loss for the three months ended October 31, 2016 was $178,077 compared to the net loss for the three months ended October 31, 2015 of $329,216 after property write-downs of $175,000.
E. CORPORATE DEVELOPMENTS

The following were corporate developments for the three months ended October 31, 2016:

Canadian & Augustus Quebec Property

On September 30, 2016, the Company entered into an option agreement with Fayz Yacob and Ramy Yacoub ("Optionors") to acquire an undivided 100% interest in 16 mineral title claims located in Northwestern Quebec. As consideration, the Company is required to issue to the Optionors a total of 2,000,000 common shares in instalments over five years, make cash payments to the Optionors totaling $200,000 in instalments over three years and incur exploration expenditures on the Property totaling $1,500,000 over three years. Furthermore, the Company is to issue to the Optionors an additional 1,000,000 shares subject to calculated proven economic reserves. For the three months ended October 31, 2016, the Company paid $20,000 cash to the Optionors in accordance with this agreement. Subsequently to the period end October 31, 2016, the Company issued 500,000 shares to the Optionors in accordance with this agreement.

Canamara Iron & Titanium Corporation Spinoff

The Company entered into a Plan of Arrangement with Canamara Iron & Titanium Corporation whereby the Company will exchange an interest in the above mentioned Canadian & Augustus Quebec Property for shares in Canamara. Following completion of the Plan of Arrangement the shares of Canamara obtained will be distributed on a pro-rata basis to Hi Ho shareholders. The Arrangement is subject to Court Approval.

F. PROJECT UPDATE AND FUTURE PLANS

Fairview South Okanagan Property

On August 24, 2012, the Company entered into an option agreement with William McKinney, Turnagain Resources Inc. and Knight-Castle Mercantile Inc. to acquire a 100% interest in a series of claims, collectively referred to as the Fairview South Okanagan Property, located in British Columbia. The initial Property holding comprised 15 mineral claim covering approximately 762 hectares located 6.4 kilometres west of the town of Oliver BC, in the Okanagan mining division. On November 28, 2013, the Company acquired four additional tenures contiguous to the property that now form part of the Fairview South Okanagan Property.

Historical production from three parallel quartz vein systems on the property totaled 512,000 tonnes grading 3.99 grams per tonne gold and 49.1 grams/tonne silver (Barker and Trenaman, 1987). Initial production was started in the 1890s with the majority of production undertaken by Cominco (now Teck Resources Limited) between 1946 and 1961. The material was utilized as flux by Cominco in the Trail smelter.

Sufficient material remained within the mines at the time of shutdown in 1961 to encourage Cominco to subsequently evaluate a plan of operations at a projected gold price of $400. That program, as summarized in a 1980 report, was based upon a historical resource and envisioned a production scenario of 255,000 tonnes per year or 700 tonnes per day for a period of 10 years. This plan was not implemented and subsequent exploration and evaluation work was conducted by Oliver Gold, but operations were not continued, and the property has remained dormant. These historical resources do not meet the criteria for an NI 43-101-compliant resource of any category as defined in "CIM Definition Standards on Mineral Resources and Mineral Reserves," dated Nov. 27, 2010, and as such should not be relied upon. An updated current resource has been calculated for the property as discussed below.
Compilation of all data in a modern computerized format in order to create a 3-D model has been done, with the ultimate objective to guide the location of the bulk sampling and drilling work. The intent is to obtain a bulk sample and directly ship the material to a nearby mill for custom milling. Depending on the results obtained in the bulk samples, it is anticipated that additional preparations will be made for the eventual continued shipment of material from the underground target zones. This will allow a sequential evaluation of a number of the higher grade zones suggested by historical drilling and mining data, to eventually develop a mining plan as exploration advances and as funding is obtained.

The Company retained Apex Geoscience Ltd. to prepare a National Instrument 43-101 report on the Fairview gold property, near Oliver, in the Okanagan Valley of Southern British Columbia, Canada. Kristopher Raffle, BSc, PGeo, Senior Geologist, and Michael Dufresne, MSc, PGeol, President of Apex, co-ordinated compilation of historic exploration data and completion of the report.

The report is based on a voluminous historic exploration dataset, including work conducted by Highland Valley Resources Ltd. and Oliver Gold Corp. during the period 1985 to 1994, which included drilling of approximately 5,000 metres of core, 400 metres of underground drifting and extensive rock geochemical sampling. That work postdated exploration and development by Cominco Ltd. (now Teck Resources Ltd.) that consisted of drilling of numerous core holes, many hundreds of metres of underground drifts, and extensive stopping of production materials. The majority of surface plans, geologic logs and assay results from drilling, plus underground plans and sections, are available for compilation. This data has been digitized, compiled and used to create a modern 3-D geologic and mineralization model for the property, which will guide future exploration.

On August 21, 2013, this National Instrument 43-101 Technical Report was filed on SEDAR. The mineral resource estimate comprises an inferred mineral resource of 334,000 tonnes averaging 2.9 g/t Au and 17.9 g/t Ag, based on a cut-off grade of 1.0 g/t Au. This includes a higher grade core zone of 51,000 tonnes grading 11 g/t gold and 38g/t silver.

The company has received a bulk sampling permit, and has initiated plans to sample 1000 tonnes, followed by two 10,000 tonne bulk samples for a total of 21,000 tonnes. In the current year the Company is in the process of renewing the bulk sampling permit in order to proceed with the bulk sampling procedure.

On February 24, 2015, the Company entered into an agreement with Turnagain Resources Inc. and 0998601 B.C Ltd. to acquire a 100% interest in an additional 10 mineral claims comprising 760.1 hectares. As consideration, the Company issued 3,000,000 common shares valued at $30,000, representing the fair value of the shares at the time of issuance.

On August 6, 2015, the Company entered into a purchase agreement with Turnagain Resources Ltd and 0998601 BC Ltd (the “Sellers”) to acquire 100% undivided interest in 1 mineral title comprising 21.12 hectares located in British Columbia. As consideration, the Company has issued 60,000 of its common shares valued at $6,000, representing the fair value of the shares at the time of issuance.

The Company purchased additional claims to expand the Fairview property and to consolidate the land holdings for purposes of assessment work distribution. The property has had a small amount of surface work conducted during the year to facilitate the combination of properties with additional properties being acquired in order to expedite filings of assessment work.

San Bernardino Claims

On May 27, 2014, the Company acquired a 100% interest in 9 placer claims located in San Bernardino County, California from Clearbrook Water Company Ltd. and 0998601 BC Ltd. In consideration for the claims, the Company issued 5,000,000 common shares and a further 1,000,000 common shares as a finder’s fee. The common shares were valued at $60,000, being the fair value of the common shares at the time of issuance.
The property covers a broad carbonate rubble terrain, with associated gold and silver mineralization. The claims have been subject to historical prospecting and removal of minor silver and gold since early settlement of California. The property is easily accessible from county roads and trails. The company is continuing to assess the potential for concentration of the gold contained in the limestone breccia matrix material. A centrifugal system, possibly a Knelson concentrator will be used to test some of the matrix material as soon as possible.

The Company will do further exploration and metallurgical testing on this property as time and funds permit.

**Voisey’s Bay, Labrador, Nickel Project**

The Company acquired an undivided 100% interest in mineral titles, covering 110 hectares in the Voisey’s Bay Area of Labrador.

The property is located 30 km south-southeast of the Voisey’s Bay mine site of VALE. The prospect contains an outcropping nickel sulphide showing, previously explored by INCO following the Voisey’s Bay deposit. It has similar host geology and similar mineralization to Voisey’s Bay, as described in a historic report by Lee and Bengert 2004 (Registry File no. 774-403).

New geophysical techniques permit deeper penetrating surveys today versus the time when previous exploration was conducted. Deeper targets will be pursued in an anticipated program. The claims lapsed for lack of assessment work. The claims may be reacquired but there is no assurance that the property can be reacquired, accordingly the property has been written off on the financial statements during the year ended July 31, 2015.

**Bralorne Project, British Columbia**

The Company retains its core block of property in this area. Assessment work was conducted on some claims and filed for purposes of holding the claims. Some peripheral claims were abandoned as not pertinent to the exploration targets, however the main property holdings are maintained for anticipated future exploration and development work as time and funds permit.

**Canadian & Augustus Lithium Property, Quebec**

The Company acquired an interest in these claims as discussed above. The property contains extensive lithium mineralization as hard rock pegmatites containing particularly spodumene, a lithium silicate mineral. Spodumene is used in the ceramics industry in powdered form. Substantial historical work was conducted on two of the three known mineralized zones resulting in calculation of an historical resource. Drilling, trenching, and bulk sampling of the property is required to confirm the historical resource and to further examine the exploration potential on the third unexplored target area. Field work is anticipated in the upcoming year.

**Canamara Iron & Titanium Corporation**

Canamara Iron & Titanium Corporation, a private BC company, under a Plan of Arrangement with the Company, subject to court approval, will exchange shares of Canamara for an interest in the Canadian & Augustus properties of the Company. The Canamara mineral holdings consist of a large number of titanium claims located in the Province of Quebec north of Havre St. Pierre on the north side of the St. Lawrence River, and extending 40-60km north.
The titanium properties surround the large Lac Tio titanium deposit of Rio Tinto which has been producing hard rock titanium for 65 years. Extensive exploration is required on these properties to confirm historically drilled mineralized zones that were extensively explored and then relinquished by Rio Tinto. Exploration is projected to expand greatly the potential resources contained within the properties as identified from extensive airborne magnetic surveying and interpretation of the remanent magnetism features that tie to outcropping titanium mineralization.

A major exploration effort is needed for these properties which will be aided by the Company through financing assistance.

Costs of expenditures on exploration and evaluation assets continuity schedule for the three months ended October 31, 2016:

<table>
<thead>
<tr>
<th>Acquisition Costs</th>
<th>Fairview South</th>
<th>San Bernardino</th>
<th>Trout Lake</th>
<th>Bonanza</th>
<th>Canadian Augustus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 31, 2016</td>
<td>$196,526</td>
<td>$60,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>-</td>
<td>$276,526</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>October 31, 2016</td>
<td>$196,526</td>
<td>$60,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>20,000</td>
<td>$296,526</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Exploration Costs</th>
<th>Fairview South</th>
<th>San Bernardino</th>
<th>Trout Lake</th>
<th>Bonanza</th>
<th>Canadian Augustus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 31, 2016</td>
<td>$338,405</td>
<td>$8,562</td>
<td>$2,854</td>
<td>$2,853</td>
<td>-</td>
<td>$352,674</td>
</tr>
<tr>
<td>Additions</td>
<td>1,400</td>
<td>1,400</td>
<td>1,400</td>
<td>1,400</td>
<td>400</td>
<td>6,000</td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>October 31, 2016</td>
<td>$339,805</td>
<td>$9,962</td>
<td>$4,254</td>
<td>$4,253</td>
<td>400</td>
<td>$358,674</td>
</tr>
</tbody>
</table>

October 31, 2016 $536,331 $69,962 $14,254 $14,253 $20,400 $655,200

G. QUALIFIED PERSONS UNDER NATIONAL INSTRUMENT 43-101

The technical information in this Management Discussion and Analysis has been reviewed and approved by Dr. Stewart Jackson, PhD, P.Geo.; who is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

H. RESULTS OF OPERATIONS

Operational results reflect overhead costs incurred for exploration and evaluation assets acquisitions and associated exploration expenses as well as other regulatory expenses incurred by the Company and to maintain the administrative infrastructure required to operate locally and report to the Vancouver Head Office.

General and administrative costs can be expected to fluctuate relationally with acquisitions, exploration and operations.
(1) **Revenues**

The company is currently engaged in mineral property acquisition and exploration and does not have revenues from its operations.

(2) **Expenses**

For the three months ended October 31, 2016, total operating expenses were $178,077 (2015 - $154,216), the $23,861 increase was primarily a result of the following items:

a) Consulting, salaries and benefits decreased by $14,545 from $83,045 to $68,500, mainly arising from the fact the management fees for the CEO decreased.

b) Financing expense decreased by $12,245 from $38,527 to $26,282, primarily due to reduced overdue payables.

c) Accounting, audit and legal increased by $50,277 from $Nil due to more legal work required.

(3) **Summary of Quarterly Results**

The following table sets out selected quarterly information for the preceding eight quarters ending October 31, 2016:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss for the period before undernoted items</td>
<td>178,077</td>
<td>272,247</td>
<td>207,622</td>
<td>112,200</td>
</tr>
<tr>
<td>Write down of exploration and evaluation assets and deposits</td>
<td>-</td>
<td>75,708</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of investment</td>
<td>-</td>
<td>26,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Loss for the period</td>
<td>178,077</td>
<td>373,955</td>
<td>207,622</td>
<td>112,200</td>
</tr>
<tr>
<td>Net Loss per common share</td>
<td>0.02</td>
<td>0.06</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding</td>
<td>8,023,857</td>
<td>6,641,602</td>
<td>6,797,109</td>
<td>6,797,109</td>
</tr>
</tbody>
</table>
## Management Discussion and Analysis
For the Three Months Ended October 31, 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss for the period before</td>
<td>154,216</td>
<td>323,109</td>
<td>164,451</td>
<td>95,662</td>
</tr>
<tr>
<td>undernoted items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write down of exploration and</td>
<td>175,000</td>
<td>333,500</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>evaluation assets and deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery of previously</td>
<td>–</td>
<td>(7,000)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>impaired deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on transfer of</td>
<td>–</td>
<td>(100,000)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>exploration and evaluation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write off of accounts payable</td>
<td>–</td>
<td>(8,968)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net Loss for the period</td>
<td>329,216</td>
<td>540,641</td>
<td>164,451</td>
<td>95,662</td>
</tr>
<tr>
<td>Net Loss per common share</td>
<td>0.05</td>
<td>0.10</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>Weighted average number of</td>
<td>6,471,674</td>
<td>5,258,732</td>
<td>5,547,245</td>
<td>5,153,109</td>
</tr>
<tr>
<td>common shares outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I. **OTHER DISCLOSURES**

(1) **LIQUIDITY AND CAPITAL RESOURCES**

As at October 31, 2016, the Company had cash on hand of $2,378 compared to $48 as at July 31, 2016. The working capital deficit at October 31, 2016 was $2,064,986 compared to $2,013,02 as at July 31, 2016.

The capital markets during the past year have been very challenging as the Company continues to seek additional equity funds from private placements with the intention to have a positive working capital position and create the operating funds necessary to evaluate and develop its assets.

(2) **TREASURY**

As at October 31, 2016, the Company had 10,217,135 common shares outstanding. From November 1, 2016 to December 28, 2016 the Company issued 8,427,240 common shares. There were a total of 18,644,344 common shares outstanding on December 28, 2016.

(3) **OPTIONS OUTSTANDING AS AT OCTOBER 31, 2016**

<table>
<thead>
<tr>
<th>Grant Date</th>
<th>Number of Options Outstanding and Exercisable</th>
<th>Expiry Date</th>
<th>Exercise price</th>
<th>Estimated Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 9, 2012</td>
<td>32,000</td>
<td>January 8, 2017</td>
<td>$2.00</td>
<td>31,954</td>
</tr>
<tr>
<td>January 13, 2012</td>
<td>12,000</td>
<td>January 12, 2017</td>
<td>$2.00</td>
<td>12,000</td>
</tr>
<tr>
<td>October 17, 2013</td>
<td>244,000</td>
<td>October 16, 2018</td>
<td>$1.50</td>
<td>117,120</td>
</tr>
<tr>
<td>October 31, 2016</td>
<td>288,000</td>
<td></td>
<td></td>
<td>161,074</td>
</tr>
</tbody>
</table>

(4) **WARRANTS OUTSTANDING AS AT OCTOBER 31, 2016**

<table>
<thead>
<tr>
<th>Grant Date</th>
<th>Expiry Date</th>
<th>Number of Warrants</th>
<th>Exercise Price</th>
<th>Estimated Fair Value (Net of costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 23, 2013</td>
<td>May 23, 2017</td>
<td>296,160</td>
<td>$1.25</td>
<td>224,177</td>
</tr>
<tr>
<td>September 28, 2016</td>
<td>September 28, 2017</td>
<td>3,420,026</td>
<td>$0.30</td>
<td></td>
</tr>
<tr>
<td><strong>Balance, October 31, 2016</strong></td>
<td></td>
<td><strong>3,716,186</strong></td>
<td></td>
<td><strong>$224,177</strong></td>
</tr>
</tbody>
</table>

Each warrant allows the holder to purchase one common share of stock.

(5) **OFF-BALANCE SHEET ARRANGEMENTS**

As at October 31, 2016, the Company had no off-balance sheet arrangements.
(6) CRITICAL ACCOUNTING ESTIMATES

The following are the critical estimates and judgments that management has made in applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of non-current assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future decommissioning cost estimates arising from the decommissioning of site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of decommissioning projects that are included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company’s accounting policy for exploration and evaluation assets. As of October 31, 2016, there were no restoration and reclamation provisions recognized (July 31, 2016 - $Nil).

Exploration and evaluation assets

Costs incurred after the legal right to explore has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as exploration and evaluation assets. The decision regarding technical feasibility and commercial viability of exploration and evaluation assets involve a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material change in the future.

Flow-through Share Provision

Flow-through share provisions are comprised of the Company’s various tax penalties and indemnification liabilities relating to the deficiencies in incurring on a timely basis the appropriate amount of qualifying exploration expenditures required related to past flow-through share issuances. The Company may also be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made exploration expenditures.

Flow-through share provisions have been created based on internal estimates of the maximum penalties and indemnification liabilities the Company could be subject to. Assumptions, based on the current tax regulations, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management.

Taxation

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statement of financial position date and the likelihood of deferred tax assets being realized.

Going concern

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.
(7) **CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There were no changes in internal controls over financial reporting during the period.

(8) **FINANCIAL INSTRUMENTS**

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company’s accounting policy for each category is as follows:

*Financial assets at fair value through profit or loss (“FVTPL”)*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity (“HTM”)*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale (“AFS”)*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The carrying amounts for amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited term of these instruments.

The Company has classified its financial instruments as follows:

a) Cash is classified as fair value through profit or loss.

c) Accounts payable, due to related parties, loans payable, promissory note payable, preferred share subscriptions received and provisions are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - quoted prices in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and Level 3 - inputs for the asset or liability that are not based upon observable market data.

Comprehensive income

Comprehensive income is the change in shareholders’ equity during a period from transactions and other events and circumstances from non-owner sources, such as any unrealized gains and losses in financial assets classified as available for sale. The Company had no “other comprehensive income or loss” transactions during the three months ended October 31, 2016 and for the year ended July 31, 2016.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(9) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value of financial instruments

The Company’s financial instruments include cash and cash equivalents, accounts payable, due to related parties, loans payable, promissory note payable, preferred share subscriptions received and provisions. With the exception of cash, the carrying value of the Company’s financial instruments approximate their fair values due to their relatively short periods to maturity.

Cash and cash equivalents are measured at fair value using level 1 inputs.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company’s cash is exposed to credit risk. The Company has
assessed the credit risk on its cash as low as its funds are held in highly rated Canadian financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. The Company has liquidity risk due to its working capital deficiency. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at October 31, 2016 the Company had $2,378 cash (July 31, 2016 - $48) to settle current liabilities of $2,081,610 (July 31, 2016 - $2,026,468) which fall due for payment within twelve months of the statement of financial position. All of the Company’s contractual obligations are current and due within one year.

(d) Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not believe that it is subject to foreign exchange risk, and does not hold any funds in foreign currencies as at July 31, 2016 and 2015.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Management considers the interest rate risk to be minimal as at October 31, 2016 and 2015.

(10) Related Party Transactions

Due from/to Related Parties

As at October 31, 2016, the Company had $870,386 (July 31, 2016 - $798,533) due to related parties which comprised of current and former Directors and Officers. All amounts due to related parties are unsecured, non-interest bearing and due on demand.

Key management compensation

The Company considers its Chief Executive Officer, current President and directors to be key management. During the periods ended October 31, 2016 and 2015, the Company incurred the following key management charges.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended October 31, 2016</th>
<th>Three Months Ended October 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td>$60,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Financing fees</td>
<td>26122</td>
<td>-</td>
</tr>
<tr>
<td>Total compensation</td>
<td>$86,122</td>
<td>$75,000</td>
</tr>
</tbody>
</table>
(11)  **Risk Factors**

Hi Ho Silver is an exploration stage company and currently has interests in exploration and development properties in British Columbia and California. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.