

NexGen Mining Incorporated

(formerly known as Brilliant Sands Incorporated)

A Montana Corporation

3983 S. McCarran Blvd - Suite 458

Reno, Nevada 89502

Telephone: (775) 461-2545

www.nxgminc.com

Federal EIN: 82-0305765

NAICS Code: 21 (Mining)

SIC Code: 1040 (Gold & Silver Mining)

2016 Annual Information and Disclosure Statement for the year ended December 31, 2016

ISSUER'S EQUITY SECURITIES

COMMON STOCK

\$0.001 Par Value Per Share

200,000,000 Shares Authorized

30,336,283 Shares Issued as of December 31, 2016

PREFERRED STOCK

\$0.10 Par Value Per Share

15,000,000 Shares Authorized

0 Shares Issued as of December 31, 2016

NexGen Mining Incorporated is responsible for the content of this Annual Statement. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

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NEXGEN MINING INCORPORATED
(formerly known as Brilliant Sands Incorporated)
A Montana Corporation

Annual Statement

Cautionary Note Regarding Forward-Looking Statements

Information set forth in this Annual Information and Disclosure Statement (the “Annual Statement”) contains forward-looking statements, which involve a number of risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Forward-looking statements can be identified by use of the words “expect,” “project,” “may,” “might,” “potential,” and similar terms. NexGen Mining Incorporated (“we” or the “Company”) cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements involve a number of risks, uncertainties or other factors beyond the Company’s control. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and price fluctuations, government and industry regulation, U.S. and global competition and other factors. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the heading “Forward-Looking Statements” in our Management and Discussion Report for the year ended December 31, 2016. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Item 1. The exact name of the issuer and its predecessors (if any)

The name of the issuer is NexGen Mining Incorporated.

NexGen Mining Incorporated (“the Company”) was incorporated in the State of Montana on May 23, 1888 as Helena and Livingston Smelting and Reduction Company. The Company changed its name to Helena Silver Mines, Inc. on June 19, 1970. On July 14, 2006, Dome Copper, Inc., a Nevada corporation, completed a share acquisition agreement with Helena Silver Mines, Inc.

The merger was accounted for as a reverse acquisition in which Dome Copper, Inc. was identified as the acquiring entity and Helena Silver Mines, Inc. was identified as the acquired entity. Any remaining identifiable assets and liabilities of Helena Silver Mines, Inc. were assigned fair values at the acquisition date. No goodwill was recognized. The assets of Dome Copper, Inc. were incorporated into the financial statements at their pre-merger carrying values at the date of acquisition.

At the effective time of the merger, on July 17, 2006, the name of the Company was changed to Consolidated Goldfields Corporation with Dome Copper, Inc. surviving as a wholly owned subsidiary. Effective June 15, 2016, the Company dissolved Dome Copper Inc. On January 12, 2015 the Company held a Special Meeting of Stockholders to change the name of the Company to Brilliant Sands Incorporated which became effective on March 16, 2015. On December 29, 2017 the Company held a Special Meeting of Stockholders to change the name of the Company to NexGen Mining Incorporated which became effective on January 2, 2018. The Company’s other wholly-owned subsidiary is Consolidated Cahuilla, LLC, a Nevada limited liability company whose name has been changed to Consolidated Goldfields LLC, a Nevada limited liability company. Effective January 29, 2018, the Company has dissolved Consolidated Goldfields LLC.

Item 2. Address of the issuer’s principal executive offices

The address of the issuer is: 3983 S. McCarran Blvd, Suite 458
Reno, Nevada 89502

The telephone and facsimile is: Telephone: 775-461-2545
Facsimile: N/A

The issuer’s website: www.nxgminc.com
The information contained on such website shall not be deemed incorporated by reference herein.

Investor relations contact: Marc J. Andrews - President
and Chief Executive Officer
3983 S. McCarran Blvd, Suite 458
Reno, NV 89502
Tel: (775) 250-0577, email: marc@nxgminc.com

Item 3. Security Information

Trading Symbol: **NXGM**

Exact title and class of securities outstanding: **Common**

CUSIP: **65343N108**

Par or Stated Value: **\$0.001**

Total shares authorized: **200,000,000 as of December 31, 2016**

Total shares outstanding: **30,336,283 as of December 31, 2016**

During 2016 we were trading under the name Brilliant Sands Incorporated, symbol “BRSD”. CUSIP: 10954P109.

Trading Symbol: **N/A**

Exact title and class of securities outstanding: **Preferred**

CUSIP: **N/A**

Par or Stated Value: **\$0.10**

Total shares authorized: **15,000,000 as of December 31, 2016**

Total shares outstanding: **0 as of December 31, 2016**

Transfer Agent:

The name and address of the transfer agent is: Nevada Agency and Transfer Company
50 W. Liberty Street, Suite 880
Reno, Nevada 89505
Telephone: (775) 322-0626
Website: www.natco.com

Is the Transfer Agent registered under the Exchange Act? **Yes X No**

List any Restrictions on the transfer of the security:

None of the Company’s shares of common stock have been registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or qualified under any state securities laws, and we have no current plans to register or qualify any of our securities. Shares of our common stock are not currently eligible for resale in the public market pursuant to the exemption from registration offered by Rule 144 under the Securities Act, however, other exemptions from registration may be available.

There is a limited public market in our common stock. This Annual Statement is intended to provide the information that a broker-dealer must have in its possession to publish a quotation in a security pursuant to Rule 15c2-11 (“Rule 15c2-11”) under the United States Securities Exchange Act of 1934 (the “Exchange Act”).

Describe any trading suspension orders issued by the SEC in the past 12 months:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred with the past 12 months:

N/A

Item 4. Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

N/A

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares;

The 25,577,077 shares of our common stock are restricted in accordance with Rule 144.

The 4,759,206 shares of our common stock are free of all restrictions to trading in accordance to Rule 144.

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act;

The 25,577,077 shares of our common stock mentioned herein above, are restricted in accordance with Rule 144, and the certificates contain a standard restrictive legend.

Item 5. Financial Statements

A copy of the audited Financial Statements of the Company for the year ended December 31, 2016, including the Balance Sheet, Statements of Operations and Comprehensive Income, Statements of Cash Flows, and Notes to the Financial Statements, are attached hereto as Exhibit 3.1. The attached Financial Statements and the notes thereto are hereby incorporated by reference into this Annual Statement.

Item 6. Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

Please see Management's Discussion and Analysis of the Company for the year ended December 31, 2016 attached hereto as Exhibit 4.1. The attached Management's Discussion & Analysis are hereby incorporated by reference into this Annual Statement.

B. Date and State (or Jurisdiction) of Incorporation;

May 1888 in the State of Montana

C. The issuer's primary and secondary SIC codes;

NAICS Code: 21 (Mining)

SIC Code: 1040 (Gold & Silver Mining)

D. The issuer's fiscal year end date;

December 31st

E. Principal products or services, and their markets;

Please see Management's Discussion and Analysis of the Company for the year ended December 31, 2016 attached hereto as Exhibit 4.1. The attached Management's Discussion & Analysis are hereby incorporated by reference into this Annual Statement.

Item 7. Describe the issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

Please see Management's Discussion and Analysis of the Company for the year ended December 31, 2016 attached hereto as Exhibit 4.1. The attached Management's Discussion & Analysis are hereby incorporated by reference into this Annual Statement.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

N/A

Item 8. Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

| <u>Name and Address</u> | <u>Title/Position</u> |
|---|---|
| Marc J. Andrews 3983 S. McCarran Blvd, Ste 458 Reno, NV 89502 | President/CEO/Director Shareholder |
| Feisal Somji 3983 S. McCarran Blvd, Ste 458 Reno, NV 89502 | Chairman of the Board Shareholder |
| Thomas K. Mancuso 3983 S. McCarran Blvd, Ste 458 Reno, NV 89502 | Managing Director Shareholder |
| Lane Griffin 3983 S. McCarran Blvd, Ste 458 Reno, NV 89502 | VP Exploration/Secretary Shareholder |
| Kim Neal 3983 S. McCarran Blvd, Ste 458 Reno, NV 89502 | VP Finance Shareholder |
| Prize Mining Feisal Somji Suite 810, 706 – 7 th Ave SW Calgary, AB T2P 0Z1 | Shareholder |
| 1824455 Alberta Ltd. William Dynes Suite 810, 706 – 7 th Ave SW Calgary, AB T2P 0Z1 | Shareholder |

- B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:
1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
N/A
 2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
N/A
 3. A finding or judgement by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

N/A

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

| <u>Name and Address</u> | <u>Number of Shares Owned</u> | <u>Ownership Percentage</u> |
|--|--------------------------------------|------------------------------------|
| 1824455 Alberta Ltd. William Dynes Suite 810, 706 – 7th Ave SW Calgary, AB T2P 0Z1 | 15,666,668 | 51.6% |
| Prize Mining Feisal Somji Suite 810, 706 – 7th Ave SW Calgary, AB T2P 0Z1 | 3,703,334 | 12.2% |

Item 9. Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

| | |
|---|--|
| 1. Legal Counsel | Law Office of Douglas M. Berman, PLLC 4925 Greenville Ave., Suite 200 Dallas, TX 75206 Phone: (214) 562-7069 Fax: (214) 382-9435 Email: doug@doughermanlaw.com Website: DougBermanLaw.com |
| 2. Accountant or Auditor | DeCoria, Maichel & Teague P.S. 7307 N. Division, Suite 222 Spokane, WA 99208 Tel: 509-535-3503 Fax: 509-535-9391 Email: contact@dm-t.com |
| 3. Investor Relations Consultant | N/A |
| 4. Other Advisor | N/A |

Exhibit 1.1

Certification of the Chief Executive Officer of NexGen Mining Incorporated

I, Marc J. Andrews, certify that:

1. I have reviewed this Annual Information and Disclosure Statement of NexGen Mining Incorporated;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated as of this 29th day of January, 2018

/s/ Marc J. Andrews
Marc J. Andrews, President & Chief Executive Officer

Exhibit 1.2

Certification of the Chief Financial Officer of NexGen Mining Incorporated

I, Kim Neal, certify that:

1. I have reviewed this Annual Information and Disclosure Statement of NexGen Mining Incorporated;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated as of this 29th day of January, 2018

/s/ Kim Neal
Kim Neal, Vice President, Finance

Item 10. Exhibits

- 2.1 Annual financial statements for the year ended December 31, 2016 (audited)*
- 3.1 Management's discussion and analysis for the year ended December 31, 2016 (unaudited)*

*Attached hereto



BRILLIANT SANDS INCORPORATED

Brilliant Sands Incorporated

Financial Statements

December 31, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders Brilliant Sands Incorporated

We have audited the accompanying balance sheet of Brilliant Sands Incorporated (“the Company”) as of December 31, 2016 and 2015, and the related statements of operations and comprehensive income (loss), stockholders’ equity and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brilliant Sands Incorporated as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, at December 31, 2016, the Company has incurred losses since its inception and has insufficient cash to fund normal operations and meet obligations for the next twelve months. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



DeCoria, Maichel & Teague, P.S.
Spokane, Washington

December 21, 2017

BRILLIANT SANDS INCORPORATED
BALANCE SHEETS

| | December 31, 2016 | December 31, 2015 |
|---|------------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 50,684 | \$ 8,773 |
| Prepaid expenses and deposits | 5,838 | 8,853 |
| Related party receivable | 36,252 | 39,154 |
| Mineral data held for sale (Note 5) | 250,000 | 250,000 |
| Total Current Assets | <u>342,774</u> | <u>306,780</u> |
| MINERAL PROPERTIES AND INTERESTS (Note 4) | <u>1,781,062</u> | <u>1,690,181</u> |
| OTHER ASSETS | | |
| Investment - available for sale | 15,000 | 15,000 |
| Reclamation bond | 5,254 | 13,191 |
| Total Other Assets | <u>20,254</u> | <u>28,191</u> |
| TOTAL ASSETS | <u>\$ 2,144,090</u> | <u>\$ 2,025,152</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 541,236 | \$ 504,478 |
| Accrued payroll liabilities | 557,260 | 261,490 |
| Accrued interest, related party | 55,774 | 43,951 |
| Convertible debt, related party | 50,000 | 50,000 |
| Advance, related party | 35,700 | - |
| Payables to related parties | 563,317 | 226,792 |
| Total Current Liabilities | <u>1,803,287</u> | <u>1,086,711</u> |
| TOTAL LIABILITIES | <u>1,803,287</u> | <u>1,086,711</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$.10 par value, 15,000,000 authorized; no shares issued and outstanding | - | - |
| Common stock, \$0.001 par value, 200,000,000 shares authorized; 30,336,283 and 30,336,283 shares issued and outstanding, respectively | 30,336 | 30,336 |
| Additional paid in capital | 6,976,019 | 6,976,019 |
| Accumulated deficit | <u>(6,665,552)</u> | <u>(6,067,914)</u> |
| Total Stockholders' Equity | <u>340,803</u> | <u>938,441</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 2,144,090</u> | <u>\$ 2,025,152</u> |

BRILLIANT SANDS INCORPORATED
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

| | For the year ended December 31, | |
|--|--|-----------------------|
| | 2016 | 2015 |
| OPERATING EXPENSES | | |
| Exploration expense | \$ 11,506 | \$ 646,700 |
| Payroll and related | 313,794 | 306,377 |
| Professional fees and consulting | 180,805 | 265,851 |
| General and administrative | 53,506 | 360,218 |
| Loss (gain) on mineral properties and interests | (5,000) | 232,084 |
| TOTAL OPERATING EXPENSES | 554,611 | 1,811,230 |
| LOSS FROM OPERATIONS | (554,611) | (1,811,230) |
| OTHER INCOME (EXPENSE) | | |
| Interest and other miscellaneous expenses | (25,741) | (11,624) |
| Foreign exchange gain (loss) | (17,286) | 55,781 |
| Gain (loss) on investments available for sale | - | (1,529,490) |
| Impairment of investment available for sale | - | (38,000) |
| TOTAL OTHER INCOME (EXPENSE) | (43,027) | (1,523,333) |
| NET LOSS | (597,638) | (3,334,563) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Change in unrealized loss on investments available for sale | - | (294,854) |
| Reclassification of realized loss on investments available for sale | - | 1,567,490 |
| COMPREHENSIVE INCOME (LOSS) | \$ (597,638) | \$ (2,061,927) |
| NET LOSS PER COMMON SHARE, BASIC AND DILUTED | \$ (0.02) | \$ (0.11) |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED | 30,336,283 | 29,960,005 |

BRILLIANT SANDS INCORPORATED
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | Common Stock | | Additional | Accumulated | Accumulated Other Comprehensive | Total |
|---|--------------|-----------|-----------------|----------------|---------------------------------------|-------------------------|
| | Shares | Amount | Paid in Capital | Deficit | Income | Stockholders' Equity |
| Balance, December 31, 2014 | 29,661,064 | \$ 29,661 | \$ 6,840,079 | \$ (2,733,351) | \$ (1,272,636) | \$ 2,863,753 |
| Stock based compensation | - | - | 28,017 | - | - | 28,017 |
| Issuance of common stock for: | | | | | | |
| Purchase of mineral properties - Fisher Canyon | 95,238 | 95 | 9,905 | - | - | 10,000 |
| Cash at \$0.17 per share | 80,000 | 80 | 13,520 | - | - | 13,600 |
| For investor relation services | 500,000 | 500 | 84,500 | - | - | 85,000 |
| Other | (19) | - | (2) | - | - | (2) |
| Change in unrealized loss on investment - available for sale, net | - | - | - | - | 1,272,636 | 1,272,636 |
| Net loss | - | - | - | (3,334,563) | - | (3,334,563) |
| Balance, December 31, 2015 | 30,336,283 | 30,336 | 6,976,019 | (6,067,914) | - | 938,441 |
| Net loss | - | - | - | (597,638) | - | (597,638) |
| Balance, December 31, 2016 | 30,336,283 | \$ 30,336 | \$ 6,976,019 | \$ (6,665,552) | \$ - | \$ 340,803 |

BRILLIANT SANDS INCORPORATED
STATEMENTS OF CASH FLOWS

| | For The Year Ended | |
|--|----------------------|----------------------|
| | December 31, 2016 | December 31, 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Loss | \$ (597,638) | \$ (3,334,563) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Loss on investments available for sale | - | 1,529,490 |
| (Gain) loss on mineral property and interests | (5,000) | 232,084 |
| Stock based compensation | - | 28,017 |
| Stock issued for investor relations | - | 85,000 |
| Impairment on mineral data held for sale | - | 38,000 |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in: | | |
| Prepaid expenses and deposits | 3,015 | 8,619 |
| Related parties receivable | 2,902 | - |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | 36,758 | 482,836 |
| Accrued payroll liabilities | 295,770 | 121,580 |
| Accrued interest - related party | 11,823 | 4,250 |
| Payable to related parties | 125,644 | (40,761) |
| Net cash used by operating activities | (126,726) | (845,448) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of mineral properties and interest | - | (10,000) |
| Partial refund of reclamation bond - Fisher Canyon | 7,937 | - |
| Proceeds from sale/lease of mining property | 125,000 | 5,000 |
| Proceeds from sale of investments - available for sale | - | 785,944 |
| Net cash provided by investing activities | 132,937 | 780,944 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Common stock issued for cash | - | 13,600 |
| Proceeds from advance, related parties | 35,700 | - |
| Net cash provided by financing activities | 35,700 | 13,600 |
| Net change in cash and cash equivalents | 41,911 | (50,904) |
| Cash and cash equivalents, beginning of period | 8,773 | 59,677 |
| Cash and cash equivalents, end of period | \$ 50,684 | \$ 8,773 |
| Supplemental cash flow information: | | |
| Interest paid in cash | \$ 3,128 | \$ 5,889 |
| Noncash investing and financing activities: | | |
| Investment - available for sale exchanged for mineral interest | \$ - | \$ 9,655 |
| Common stock issued for mineral property | - | 10,000 |
| Accrual of advanced royalty payment on mineral property due to a related party | 210,881 | - |

BRILLIANT SANDS INCORPORATED
(Formerly known as Consolidated Goldfields Corporation)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Brilliant Sands Incorporated (hereinafter “BRSD” or “the Company”) was incorporated as Helena Silver Mines in May 1888 under the laws of the State of Montana. In July 2006, Helena Silver Mines Inc. completed a share acquisition agreement with Dome Copper, Inc. The acquisition was accounted for as a reverse merger with Helena Silver Mines, Inc. being the accounting acquirer and Dome Copper, Inc. surviving as a wholly owned subsidiary. At the time of the acquisition, the name of the Company was changed to Consolidated Goldfields Corporation. On January 12, 2015 the Company held a Special Meeting of Stockholders to change the name of the Company to Brilliant Sands Incorporated which became effective on March 16, 2015.

The Company is a company engaged in the acquisition, exploration and development of frac sand and mining properties. The Company’s year-end is December 31.

As disclosed in Note 7, the Company’s board of directors and stockholders approved a one-for-three reverse stock split of the Company's common stock effective March 16, 2015. Following the effective date of the reverse stock split, the par value of the common stock remained at \$0.001 per share. Unless otherwise indicated, all references herein to shares outstanding and share issuances have been adjusted to give effect to the aforementioned stock split.

Effective June 15, 2016, the Company dissolved Dome Copper, Inc., a Nevada corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Going Concern

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company has incurred losses since its inception and does not have sufficient cash to fund normal operations and meet obligations for the next 12 months without deferring payment on certain current liabilities and/or raising additional funds. The Company currently has no historical recurring source of revenue and its ability to continue as a going concern is dependent on the Company’s ability to raise capital to fund its future exploration and working capital requirements or its ability to profitably execute its business plan. These factors raise substantial doubt as to whether the Company can continue as a going concern. The Company’s plans for the long-term return to and continuation as a going concern include the profitable exploitation of its properties and financing the Company’s future operations through sales of its common stock and/or debt. The financial statements do not include any adjustments that might be necessary should the Company be unable to continuing as a going concern.

BRILLIANT SANDS INCORPORATED
(Formerly known as Consolidated Goldfields Corporation)
NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make complex and subjective estimates and assumptions that affect the reported amounts in the Company's financial statements and notes thereto for items such as potential impairment of investments available for sale, mineral data held for sale, and long-lived assets; the valuation of stock based compensation; and determination of deferred income taxes. On a regular basis, management evaluates these estimates and assumptions. Actual results may differ materially from these estimates.

The Company believes the estimates used are reasonable and appropriate based on current facts and circumstances. It is possible, however, that other parties applying reasonable judgment to the same facts and circumstances could develop different estimates. Additionally, changes in actual experience or changes in other qualitative factors could cause estimates to fluctuate.

Earnings Per Share

Basic earnings per share is computed by dividing the net loss by the weighted average number of shares outstanding during the year. The weighted average number of shares is calculated by taking the number of shares outstanding and weighting them by the amount of time they were outstanding. The following stock options and convertible debt equivalent shares were excluded from the computation of diluted earnings per share for the years ended December 31, 2016 and 2015 because they were anti-dilutive:

| | December 31, 2016 | December 31, 2015 |
|------------------|----------------------|----------------------|
| Stock options | 2,996,696 | 3,164,032 |
| Convertible debt | 231,374 | 208,780 |
| | <u>3,228,070</u> | <u>3,372,812</u> |

Investments in Debt and Equity Securities

At acquisition, the Company classifies debt securities and equity securities into one of the following three categories:

Held to Maturity – the positive intent and ability to hold to maturity. Amounts are reported at amortized cost, adjusted for amortization of premiums and accretion of discounts.

Trading Securities – bought principally for purpose of selling them in the near term. Amounts are reported at fair value, with unrealized gains and losses included in earnings.

Available for Sale – not classified in one of the above categories. Amounts are reported at fair value, with unrealized gains and losses excluded from earnings and reported separately as a component of stockholders' equity.

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The Company periodically reviews its investments for indications of other than temporary impairment considering many factors, including the extent and duration to which a security's fair value has been less than its cost, overall economic and market conditions, and the financial condition and specific prospects for the issuer. Impairment of investment securities results in a charge to income when a market decline below cost is other than temporary.

Fair Value Measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period are included in earnings that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. The Company has one financial asset (See Note 3) and no liabilities that are adjusted to fair value on a recurring basis.

Financial Instruments

At December 31, 2016 and 2015, the Company's financial instruments include cash and cash equivalents, investment – available for sale, reclamation bond, and a related party advance all of which approximate fair value. At December 31, 2016 and 2015, the fair value of convertible debt and related accrued interest was approximately \$14,000 and \$27,000, respectively, based upon the trading price and the equivalent number of shares of Company's stock into which the debt is convertible.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Once proven and probably mineral reserves are established, expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a unit of production basis over the reserves.

Mineral Properties and Interests

Significant payments related to the acquisition of mineral properties, mineral rights, and mineral leases are capitalized (see Note 4). Costs to maintain the mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs will be amortized using the units of production method on the basis of periodic estimates of ore reserves.

Should an interest be abandoned, its capitalized costs are charged to operations. When mineral interests are sold, the capitalized costs are eliminated from the accounts and any resulting gain or loss is reflected in operations. If a part of the mineral interest is sold, the amount received is treated as a recovery of capitalized cost. Management reviews and evaluates the net carrying value of mineral properties for impairment upon the occurrence of events or changes in

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circumstances that indicate that the related carrying amounts may not be recoverable.

Stock Based Compensation

For issuance of shares of the Company's common stock for services or other consideration, the shares are valued at the market price of the Company's common stock or the fair value of the services or consideration received, whichever is more readily determinable.

For issuances of options to purchase shares of the Company's common stock, stock based compensation is recognized in the financial statements based on the grant date fair value of the award. The fair value is determined by the Binomial Lattice option pricing model. The Company believes that this model provides the best estimate of fair value due to its ability to incorporate inputs that change over time, such as volatility and interest rates, and to allow for the actual exercise behavior of option holders. The compensation cost is recognized over the requisite service period which is equal to the vesting period.

Provision for Taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Accordingly, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rules in effect for the year in which differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance is established to reduce the deferred tax assets when the Company determines it is more likely than not that the related tax benefits will not be realized. The Company periodically reviews the valuation of deferred tax assets in light of expected future operating results.

Asset Retirement Obligations and Remediation Costs

Mineral properties are subject to standards for mine reclamation that have been established by various governmental agencies. Asset retirement obligations are related to the retirement of the mine, if a reasonable estimate of fair value can be determined. These obligations are initially measured at fair value with the resulting cost capitalized at the present value of estimated reclamation costs. An asset and a related liability are recorded for the present value of these costs. The liability is accreted and the asset amortized over the life of the related asset. Adjustments are made for changes resulting from either the timing or amount of the original present value estimate underlying the obligation. If there is an impairment to an asset's carrying value and a decision is made to permanently close the property, changes to the liability are recognized and charged to the provision for closed operations and environmental matters. The Company had no asset retirement obligations as of December 31, 2016 and 2015.

Foreign currency translation

The Company's functional currency is the United States dollar. Transactions and account balances originally stated in currencies other than the United States dollar have been translated into United States dollars as follows:

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- Revenue and expense items at the rate of exchange in effect on the dates they occur.
- Non-monetary assets and liabilities at historical exchange rates.
- Monetary assets and liabilities at the exchange rate in effect at the balance sheet date.

Transaction gains and losses are recorded in the statement of operations in the period in which they occur.

Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17 Income Taxes - Balance Sheet Classification of Deferred Taxes (Topic 740). The update is designed to reduce complexity of reporting deferred income tax liabilities and assets into current and non-current amounts in a statement of financial position. ASU No. 2015-17 requires the presentation of deferred income taxes, changes to deferred tax liabilities and assets be classified as non-current in the statement of financial position. The update is effective for fiscal years beginning after December 15, 2016. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09 Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The update simplifies the accounting for stock-based compensation, including income tax consequences and balance sheet and cash flow statement classification of awards. The update is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that

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are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 3 - INVESTMENT – AVAILABLE FOR SALE

At December 31, 2016 and 2015, investment – available for sale consisted of 100,000 shares of Strategic Resources International, Inc.’s common stock with a carrying value and a fair value of \$15,000. The fair value was determined using Level 1 inputs using the trading price of this security. There were no transactions in investment – available for sale during the year ended December 31, 2016.

During the year ended December 31, 2015, the Company had the following transactions relating to its investment in Teras Resources, Inc.:

- Sold 13,612,500 shares for net cash proceeds of \$785,944. A loss on investment available for sale of \$1,529,490 was recognized as a result of these transactions.
- Exchanged 100,000 shares for an interest in the Fisher Canyon mineral claims (see Note 4). The value of the shares on the transaction date was \$9,655. A loss on mineral properties of \$8,757 was recognized as a result of this transaction.

After these transactions, the Company had no remaining investment in Teras Resources, Inc.

On December 31, 2015, the Company determined that decline in value of its investment in Strategic Resources International, Inc. was other than temporary. An impairment loss of \$38,000 was recognized for the year ended December 31, 2015 bringing the investment balance to its fair value of \$15,000 which was determined using the trading price of this security.

NOTE 4 – MINERAL PROPERTIES AND INTERESTS

Mineral properties and interests are as follows:

| | December 31, 2016 | December 31, 2015 |
|-----------------|------------------------------|------------------------------|
| Frac Sand: | | |
| McClelland | \$ 734,735 | \$ 688,403 |
| Alberta | 702,825 | 658,472 |
| Washow | 319,502 | 299,306 |
| Total frac sand | 1,757,062 | 1,646,181 |
| Pyramid Mine | 24,000 | 44,000 |
| | <u>\$1,781,062</u> | <u>\$1,690,181</u> |

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Frac Sand Properties

On December 17, 2014 the Company entered into an Agreement of Purchase and Sale with 1824455 Alberta Ltd. ("182 Alberta") to purchase a 100% right, title and interest in three properties located in the Canadian Provinces of Manitoba and Alberta. The McClelland project consists of 66,000 acres and the Alberta project consists of 87,000 acres, both of which are situated in Alberta. The Washow project consists of 1,000 acres and is situated in Manitoba. The settlement of purchase price is outlined below:

- At closing, 7,833,334 shares of Company's common stock were issued to 182 Alberta.
- On signing of the agreement \$50,000 CAD (\$42,964 USD, paid December 2014).
- \$50,000 CAD (\$42,937 USD, paid April 2015) paid within forty-five days of closing.
- \$175,000 CAD (\$126,156 USD - accrued at December 31, 2016) to be paid upon completion of financing.

At closing, an additional 7,833,334 shares of Company's common stock were issued to 182 Alberta to be held in escrow until applicable terms and conditions are met as outlined below:

- 2,350,000 of the escrowed shares will be released upon the completion of a NI 43-101 resource report that identifies a resource deposit which is sufficient to move forward with a project. As of December 31, 2016, the shares have not been released from escrow.
- 2,350,000 of the escrowed shares will be release upon the completion of a Preliminary Economic Assessment which demonstrates a financial return which is sufficient to move forward with a project. As of December 31, 2016, the shares have not been released from escrow.
- 3,133,334 of the escrowed shares will be released upon the award of all necessary permits that will allow for the mining of product. As of December 31, 2016, the shares have not been released from escrow.

The fair value of the total 15,666,668 shares of common stock issued was \$1,410,000 on the date of the agreement based upon the trading price of the Company's stock.

Feisal Somji, chairman of the Company, is a consultant to 182 Alberta. 182 Alberta has a 51.6% ownership in the Company.

In addition, the Company entered into a Production Royalty Agreement on the frac sand properties. The Company will pay a 2% percent production royalty of actual proceeds from the sale or other disposition of the product commencing on the date on which commercial production is achieved. The Company has agreed to an advance minimum royalty ("AMR") to begin on the one year anniversary of the closing date and continuing yearly up to the date of commercial production in the amount of CAD\$225,000 (USD\$167,043) annually. The annual AMR will be paid on a quarterly basis in four equal installments. AMR's paid prior to commercial production for each property will be credited against future production royalties on each property on a dollar for dollar basis up to the maximum rate per quarter. The AMR's paid is non-refundable. On March 30, 2016, 182 Alberta has agreed to extend the AMR payments which were due on

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December 17, 2015 and March 17, 2016 until the Company has raised additional funds or obtained financing.

On December 15, 2016, the Company, and 182 Alberta entered into an Exclusivity and Delineation Regarding Potential Acquisition of Frac Sand Assets (“Exclusivity Agreement”) with Wayfinder Corporation (“Wayfinder”) to analyze and assess the potential for development of the potential project and the potential purchase of all right, title and interest of the preliminary proponents in the project works, subject to the completion of certain due diligence and certain other conditions contemplated. Terms of the Exclusivity Agreement are outlined below:

- Upon execution of the agreement, Wayfinder shall pay a \$100,000 exclusivity fee to the Company. The exclusivity fee shall be non-refundable but to the extent the parties enter into the Definitive Agreement, the exclusivity fee shall be credited against Wayfinder’s obligation to pay the purchase price. The \$100,000 fee was received in December 2016.
- Upon execution of the Exclusivity Agreement, Wayfinder shall pay 182 Alberta CAD \$20,000 (USD\$14,848) to be used exclusively to obtain land access rights within the project area to determine the quantity of the project resource.
- Wayfinder shall be granted exclusivity for sixty days after the date in which the preliminary proponents confirm the land access rights necessary to conduct their due diligence review of the potential project.

Terms and conditions of the purchase price are defined below:

- CAD \$3,000,000 (USD\$2,227,234) if the project resource within the project area is equal to 3 million tonnes;
- CAD \$4,000,000, (USD\$2,969,646) less the exclusivity fee, if the project resource within the project area is equal to or greater than 8 million tonnes;
- If the project resource within the project area is greater than 3 million tonnes but less than 8 million tonnes, then the purchase price will be based on a linear scale between CAD\$3,000,000 (USD\$2,227,234 and CAD\$4,000,000 (USD\$2,969,646).

On December 16, 2016, the Company entered into a Letter Agreement with 182 Alberta where 182 Alberta agrees to the sale of the rights and assets by the Company as defined under the Agreement of Purchase and Sale, dated December 17, 2014. Upon closing of such sale and contingent on total payments defined below, 182 Alberta waives any rights, if any, to its fifty percent interest in any properties within 20 km of the boundaries of the Alberta project. Upon approval and subsequent sale of the assets, the Company agreed to pay 182 Alberta the following:

- USD \$750,000 compensation for the return of 7,833,334 escrowed shares
- USD \$210,881 due and overdue advanced royalties up to and including the payment due December 17, 2016 – this amount was accrued at December 31, 2016 as payables to related parties; and

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- USD \$69,168 for outstanding invoices – a \$20,000 down payment was made and the balance of \$49,168 was accrued at December 31, 2016 as payables to related parties.

The Exclusivity Agreement's expiration date was April 16, 2017. All terms were to be null and void unless an extension was negotiated and duly executed or as amounts due to 182 Alberta were paid – see Note 10.

Total exploration expenses for these properties for the years ended December 31, 2016 and 2015 were \$10,421 and \$607,032, respectively.

Pyramid Mine

The Pyramid Mine project consists of five unpatented claims encompassing 100 acres located in Churchill County, Nevada which are 100% owned by the Company. No proven or probable reserves have been identified on the property.

On January 20, 2016 the Company, as Lessor, entered into an Exploration and Mining Lease with Options to Purchase Agreement with Premium Bonanza Gold Mines, LLC for the five unpatented Pyramid Mine claims. The term of the Agreement is for a period of twenty years. The Pyramid Mine Agreement may be cancelable at the option of either the Company or the lessee at any time by giving thirty days advanced notice.

Lease payments for the property are outlined below:

- On signing of the agreement \$20,000 (received January 2016)
- On or prior to each anniversary date:
 - 1st: waived
 - 2nd: \$25,000
 - 3rd: \$30,000
 - 4th: \$40,000
 - 5th and thereafter \$50,000

The lease also requires the lessee to perform minimum work commitments on or prior to each anniversary date as follows:

- 1st: \$10,000
- 2nd: \$25,000
- 3rd: \$30,000
- 4th: \$40,000
- 5th and thereafter \$50,000

All work expenditures made by lessee during any lease year in excess of the work commitment expenditures required for such lease year shall be credited against work commitment requirements for any subsequent lease year.

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Four Mile Basin

On August 30, 2016 the Company, as Lessor, entered into an Exploration and Mining Lease with Options to Purchase Agreement with Lucky Irish Silver, Inc. for the two unpatented Four Mile Basin claims. One of the Company's directors is currently a director of Lucky Irish Silver, Inc. The term of the Agreement is for a period of twenty years. The Four Mile Basin Agreement may be cancelable at the option of either the Company or the lessee at any time by giving thirty days advanced notice.

Lease payments for the property are outlined below:

- Due upon signing: waived
- On or prior to each anniversary date:
 - 1st: \$10,000
 - 2nd: \$15,000
 - 3rd: \$20,000
 - 4th: \$25,000
 - 5th and thereafter \$30,000

The lease also requires minimum work commitments on or prior to each anniversary date as follows:

- 1st: waived
- 2nd: \$10,000
- 3rd: \$20,000
- 4th: \$35,000
- 5th and thereafter \$50,000

All work expenditures made by lessee during any lease year in excess of the work commitment expenditures required for such lease year shall be credited against work commitment requirements for any subsequent lease year.

On June 14, 2017, the Company received a notice that the lease holder was abandoning the Four Mile Basin project.

Koegel Hills

On August 30, 2016 the Company, as Lessor, entered into an Exploration and Mining Lease with Options to Purchase Agreement with Lucky Irish Silver, Inc. for the 71 unpatented Koegel Hills claims. One of the Company's directors is currently a director of Lucky Irish Silver, Inc. The term of the Agreement is for a period of twenty years. The Koegel Hills Agreement may be cancelable at the option of either the Company or the lessee at any time by giving thirty days advanced notice.

Lease payments for the property are outlined below:

- Due upon signing: waived
- On or prior to each anniversary date:

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- 1st: \$10,000
- 2nd: \$20,000
- 3rd: \$30,000
- 4th: \$40,000
- 5th and thereafter \$50,000

The lease also requires minimum work commitments on or prior to each anniversary date as follows:

- 1st: waived
- 2nd: \$10,000
- 3rd: \$20,000
- 4th: \$35,000
- 5th and thereafter \$50,000

All work expenditures made by Lessee during any Lease Year in excess of the work commitment expenditures required for such Lease Year shall be credited against work commitment requirements for any subsequent Lease Year.

On June 14, 2017, the Company received notice that the lease holder was abandoning the Koegel Hills project.

Gold Star

In June 2015, the Company signed a Letter of Intent to enter into an Earn-In and Option to Purchase Agreement with Multiple Metals Resources Ltd. (“MMRL”) whereby MMRL could earn an 80% interest in the Gold Star property. The general terms for this earn-in and option to purchase will be incorporated into a formal earn-in and option to purchase agreement as outlined below:

- Upon signing: \$5,000 cash payment for a 20% ownership (payment received July 2015)
- 1st anniversary: \$5,000 cash payment for a 40% ownership (payment received August 2016)
- 2nd anniversary: \$20,000 cash payment for a 60% ownership
- 3rd anniversary: \$25,000 cash payment for a 80% ownership

The agreement also requires minimum work commitments of \$5,000 to be completed on the property per year during the earn-in.

In addition, after earning 80% interest, MMRL would have a Second Option to acquire the remaining 20% interest for a cash payment of \$250,000 for a period of 24 months after completion of the initial option period of five years from the effective date of the agreement.

The Company would retain a 2% Net Smelter Return “NSR” and MMRL shall have the right to purchase 1% for \$500,000 and the remaining 1% for \$1,000,000 for a period of 5 years after the initial or Second Option period.

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On June 27, 2016, the Company entered into a Memorandum of Understanding with MMRL in regards to a change to the Letter of Intent as follows:

- The cash payment of \$15,000 for the 1st anniversary will be reduced to \$5,000
- Payment due date will be extended to July 31, 2016
- The \$5,000 work commitment will be waived for the 1st anniversary

On November 23, 2016, the Company and MMRL entered into a Purchase Agreement with Sunvest Minerals Corporation (“Sunvest”), where MMRL has agreed to assign and transfer such earn-in and option rights to Sunvest and the Company consented to the assignment and transfer and acknowledged that, upon the completion of such assignment and transfer, Sunvest shall have acquired an undivided 40% interest in the Property and an earn-in right and option right as follows:

- 1st anniversary: \$20,000 cash payment for a 60% ownership (\$10,000 advance payment received January 2017)
- 2nd anniversary: \$25,000 cash payment for an 80% ownership

In consideration of such consent, Sunvest shall deliver the following share consideration to the Company:

- On or before that date which is 12 months from the approval date an additional 100,000 Sunvest shares of common stock
- On or before that date which is 24 months from the approval date an additional 50,000 Sunvest shares of common stock
- On or before that date which is 36 months from the approval date an additional 50,000 Sunvest shares of common stock
- The agreement also requires minimum work commitments of \$5,000 to be completed on the property per year during the earn-in.

The agreement also requires minimum work commitments of \$5,000 to be completed on the property per year during the earn-in.

King Solomon

On November 4, 2014 and December 3, 2014, the Company entered into an Exploration and Mining Lease with Option to Purchase Agreement on the King Solomon project with Mountain Gold Claims LLC Series 9, which is owned by a former director and officer of the Company and a private individual, respectively. The property consists of two adjoining claim blocks for a total of 66 unpatented mining claims situated in Nye County Nevada.

Total exploration expenses for the year ended December 31, 2015 were \$11,393.

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As of November 22, 2015, the Company abandoned its interest in the King Solomon property. A loss of \$5,500 was recorded as a loss on mineral properties and interest during the year ended December 31, 2015.

Klondike Pass

On September 19, 2013, the Company entered into Exploration and Option to Purchase Agreement on the Klondike Pass project with a private individual. The property consists of 160 acres of private land located in Pershing County, Nevada.

Total exploration expenses for the Klondike Pass project for the year ended December 31, 2015 were \$17.

On August 19, 2015 the Company abandoned its interest in the Klondike Pass property. The Company recognized a loss on abandonment of \$11,000 during the year ended December 31, 2015.

Kibby Flats Project

On May 8, 2015 the Company, as seller, entered into a Stock-for-Property Exchange Agreement with High Desert Holding Corp., a Nevada corporation ("HDHC"), High Desert Mines LLC, a Nevada limited liability company and wholly-owned subsidiary of HDHC ("HDML," and together with HDHC, the "HD Parties") to purchase the Kibby Flats project, located in Esmeralda County, Nevada which consisted of twelve unpatented mining claims in exchange for 400,000 shares of High Desert Holding Corp. common stock. On the date of the transaction, these shares were not trading on the open market. As a result, management determined the shares had no value. The mining claims had no carrying value at the time of the transaction.

Fisher Canyon

On January 26, 2011, the Company entered into an Exploration and Mining Lease Agreement and Option to Purchase Royalty Agreement for the Fisher Canyon Project with Mountain Gold Claims Series 7 ("Mountain Gold"), which is owned by a former officer and director of the Company and a current director and former officer of the Company, who each hold a 50% interest in the property. The property consists of 87 unpatented mining claims situated in Pershing County Nevada. The Company previously held 123 unpatented mining claims and after further review the Company has decided to drop the additional 36 claims which were staked in February 2012.

Total exploration expenses for the Fisher Canyon project for the year ended December 31, 2015 were \$2,761.

On May 1, 2015 the Company abandoned its interest in the Fisher Canyon property. The Company recognized a loss on abandonment of \$211,827 during the year ended December 31, 2015.

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NOTE 5 – MINERAL DATA HELD FOR SALE - MUSKOX DATA

The Company has acquired the Muskox Data Inventory from Prize Mining Corporation (“Prize”). The Company’s director, Mr. Somji, is currently CEO/director and 3% shareholder of Prize Mining Corporation. The Data consists of documentation of work on the Muskox Intrusion in Nunavut, Canada. The Company is actively attempting to sell the data to interested parties. The Company does not own the mineral rights associated with the data.

The purchase price for the Data from Prize was \$1 million paid by the issuance of 3,703,334 shares of the Company’s common stock. The fair value of shares of common stock issued was based on the trading price of the Company’s shares on the date of the agreement. In addition, as provided by Mr. Somji’s incentive package, the Chairman was granted 333,334 shares of common stock with a value of \$350,000 in January 2014 for generating a project that the Board voted to accept and acquire. The fair value of the shares of common stock issued to the chairman was based on the grant date fair value on the date of the incentive package. The total cost of acquiring the Data was \$1,350,000.

Management determined that as of December 31, 2014, the estimated fair value of the Data had decreased. The Company determined the estimated fair value of \$250,000 after considering a report from a third party who performed an evaluation of the Muskox Data in early 2015. An impairment loss of \$1,100,000 was recognized for the year ended December 31, 2014 bringing the investment balance to its fair value of \$250,000. The fair value was based on Level 3 input variables under the fair value measurement accounting principles.

During 2016, management identified no occurrence of events or changes in circumstances that indicated that the carrying value of the data was further impaired.

NOTE 6 – RELATED PARTY CONVERTIBLE NOTES AND ADVANCE

At December 31, 2016 and December 31, 2015, the Company has two convertible notes payable to Thomas Mancuso, former president and current Managing Director, totaling \$50,000. The notes bear interest of 20% and mature on July 21, 2017 and August 4, 2017. The notes are convertible at the note holder’s option into shares of the Company’s common stock. The number of shares that the note can be converted into will be determined as follows:

Prior to the Maturity Date – The balance of the unpaid principal plus all accrued interest divided by 90% of the offering price of the Company’s most recent equity offering or \$0.45 if there have been no recent equity offerings. The conversion rate was \$0.45 at December 31, 2016 and 2015.

At the Maturity Date – The balance of the unpaid principal plus all accrued interest divided by \$0.45.

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The fair value of the related conversion option at December 31, 2016, and 2015, was nil due to the relatively short term to maturity date and the effective 'prior to maturity date' conversion rate approximating the fair value of the Company's common share at each period end.

During October 2017, one convertible note, with interest, was paid in full for \$55,962 and an additional \$5,740 was paid towards interest on the second convertible note and, in a verbal agreement, the second note would no longer be convertible nor accrue additional interest. The Company plans to pay this note in full during July 2018.

The Company entered into advances with Feisal Somji, Chairman of the Board, in June 2016 and September 2016 totaling \$35,700. In a verbal agreement, interest will be accrued on the advance at 10%. Terms of the Advance have yet to be determined.

During October 2017, the advance, with interest, was paid in full for \$40,064.

Accrued interest

Accrued interest payable related to the outstanding convertible notes was \$54,118 and \$43,951 as of December 31, 2016 and 2015, respectively. Interest expense recognized on the outstanding notes was \$10,167 and \$10,140 for the years ended December 31, 2016 and 2015, respectively.

Accrued interest payable related to the outstanding advances was \$1,182 as of December 31, 2016. Interest expense recognized on the outstanding advances was \$1,182 for the year ended December 31, 2016.

NOTE 7 – STOCKHOLDERS EQUITY

Preferred Stock

The Company has 15,000,000 authorized and unissued shares of preferred stock with a par value of \$0.10 per share, with rights and preferences to be determined by the Company's board of directors.

Common Stock

On January 12, 2015, our board of directors and stockholders approved a one-for-three reverse stock split of the Company's common stock. After the reverse stock split, effective March 16, 2015, each holder of record held one share of common stock for every 3 shares held immediately prior to the effective date. As a result of the reverse stock split, the number of shares underlying outstanding stock options and warrants and the related exercise prices were adjusted to reflect the change in the share price and outstanding shares on the date of the reverse stock split.

Following the effective date of the reverse stock split, the par value of the common stock remained at \$0.001 per share. As a result, the Company has reduced the common stock in these financial statements on a retroactive basis for all periods presented with a corresponding increase to additional paid-in-capital.

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During the year ended December 31, 2016, the Company did not issue any shares of its common stock.

During the year ended December 31, 2015, the Company issued the following shares of its common stock:

- 95,238 shares valued at \$.105 per share (total of \$10,000) to a director in lieu of a cash payment in connection with the Fisher Canyon agreement – see Note 4.
- 80,000 shares valued at \$.17 per share (total of \$13,600) in connection with a private placement.
- 500,000 shares with a fair value of \$.17 per share (total of \$85,000) in connection with investor relation services.

Warrants

The Company had 1,554,030 warrants with an average exercise price of \$0.75 that expired in December 2015.

Stock options

The Company approved an Amended 2013 Stock Option and Stock Bonus Plan at its Annual Meeting on March 31, 2014. Stock options are issued for compensation and services as determined by the board of directors. Following is a summary of stock option activity for the years ended December 31, 2016 and December 31, 2015:

| | Number of Shares | Weighted Average Exercise Price |
|--|---------------------|--|
| Outstanding at December 31, 2014 | 2,780,368 | \$ 0.43 |
| Granted | 600,000 | 0.17 |
| Exercised | - | - |
| Expired | (216,336) | 0.45 |
| Outstanding at December 31, 2015 | 3,164,032 | \$ 0.36 |
| Granted | - | - |
| Exercised | - | - |
| Expired | (167,336) | 0.90 |
| Outstanding and exercisable December 31, 2016 | 2,996,696 | \$ 0.33 |

The weighted average remaining contractual term of the options granted during the years ended December 31, 2016 is 3.34 years. At December 31, 2016, all of the options were fully vested. At December 31, 2016, the stock options had an intrinsic value of \$0 based upon the fair value of the Company's stock on that date.

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Expenses related to the granting and vesting of stock options were \$0 and \$28,017 for the years ended December 31, 2016 and 2015, respectively.

The Company estimated the fair value of options granted by using the Binomial Lattice option pricing model with the following assumptions used for grants:

| | <u>2016</u> | <u>2015</u> |
|-------------------------|-------------|---------------|
| Dividend yield | - | - |
| Expected volatility | - | 69.13% - 100% |
| Risk-free interest rate | - | 1.33% |
| Expected life (years) | - | 4.75 |

The expected volatility is based on the historical volatility of comparable companies for a period approximating the expected life, due to the limited trading history of the Company's common stock. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over equivalent lives of the options.

The expected life of employee stock options represents the weighted-average period the stock options are expected to remain outstanding and is a derived output of the Binomial Lattice model. The expected life of employee stock options is impacted by all of the underlying assumptions and calibration of the Company's model. The Binomial Lattice model estimates the probability of exercise as a function of these two variables based on the entire history of exercises and cancellations on all past option grants made by the Company.

NOTE 8 – INCOME TAXES

A reconciliation of the tax benefit that would have been recognized using the Company's statutory income tax rate for the years ended December 31, 2016 and 2015 is as follows:

| | <u>2016</u> | | <u>2015</u> | |
|--|-------------|----------|-------------|----------|
| Federal income tax benefit at statutory rate | 209,100 | 35% | \$1,167,100 | 35% |
| Effect of state income taxes | 6,000 | 1% | 33,300 | 1% |
| Effect of non-deductible items | (300) | | (400) | |
| Change in valuation allowance | (214,800) | (36)% | (1,200,000) | (36)% |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The Company did not record federal or state current tax provisions for the years ended December 31, 2016 or 2015 due to the Company's continued net operating losses. No deferred tax provision (benefit) has been recorded at December 31, 2016 or 2015 due to a full valuation allowance against the deferred tax assets. Realization of the Company's deferred tax assets depends on generating sufficient taxable income in future years in appropriate tax jurisdictions to obtain benefit from net operating loss carryforwards. Due to the uncertainty of the timing and

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the amount of such realization, management concluded that a full valuation allowance was required.

Significant components of the deferred tax assets and liabilities at December 31, 2016 and 2015 are as follows:

| | <u>2016</u> | <u>2015</u> |
|---------------------------------|--------------------|--------------------|
| Deferred tax asset: | | |
| Net operating loss carryforward | \$1,664,400 | 1,440,000 |
| Stock based compensation | 185,600 | 23,400 |
| Mineral properties | 243,900 | 261,500 |
| Investments in equity security | 23,400 | 23,400 |
| Other | 2,200 | - |
| Total deferred tax asset | <u>2,119,500</u> | <u>1,910,500</u> |
| Deferred tax liability | | |
| Foreign exchange | <u>(14,200)</u> | <u>(20,000)</u> |
| Net deferred tax asset | 2,105,300 | 1,890,500 |
| Valuation allowance | <u>(2,105,300)</u> | <u>(1,890,500)</u> |
| | <u>-</u> | <u>-</u> |

At December 31, 2016, the Company has net operating loss carryforwards for federal income tax purposes of approximately \$4,600,000 to offset future taxable income which expire from 2027 to 2036. As of December 31, 2016, state net operating losses were immaterial.

The Company has no uncertain tax positions as of December 31, 2016 or 2015. If interest and penalties were to be assessed, interest would be charged to interest expense, and penalties to other operating expense. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date. Fiscal years 2014 through 2016 remain subject to examination by state and federal tax authorities.

NOTE 9 – RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed in Notes 4, 5, and 6, the following transactions have occurred:

Consulting Agreements

On January 1, 2015 the Company entered into a consulting agreement with the Chairman of the Board to provide assistance in corporate affairs. This agreement supersedes and replaces all existing agreements between the Company and consultant. For services rendered, the Company will pay a base monthly fee of \$5,000 plus taxes where applicable, provide full participation in any benefit, stock options, or annual bonus programs, as well as reimburse all out of pocket expenses incurred while providing consulting services. During the year ended December 31, 2016 and 2015, the Company recognized expense of \$116,128 and \$54,663, respectively. Accrued related party payable associated with these services were \$131,128 and \$20,000 at

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December 31, 2016 and 2015, respectively. During January 2016, the parties verbally agreed to increase the base monthly fee to \$10,000.

On February 1, 2015 the Company entered into a consulting agreement with Robin Somji, wife of Feisal Somji, to provide administrative services in Canada. For services rendered, the Company will pay a base monthly fee of \$5,000 plus taxes where applicable, provide full participation in any benefit, stock options, or annual bonus programs, as well as reimburse all out of pocket expenses incurred while providing consulting services. During the year ended December 31, 2016 and 2015, the Company recognized expense of \$5,000 and \$15,000, respectively. Accrued related party payable associated with these services were \$25,000 and \$20,000 at December 31, 2016 and 2015, respectively. This agreement was terminated in February 2016.

Employment Agreements

The Company has employment agreements with three executive employees that require certain termination benefits and payments in defined circumstances.

Additional Accrued Payables to Related Parties

During the year ended December 31, 2016 and 2015, the Company recognized expenses of \$1,085 and \$5,411 for consulting and out of pocket expenses to an officer of the Company. Payables associated with these services were \$18,847 and \$17,762 at December 31, 2016 and 2015, respectively.

At December 31, 2016 and 2015, the Company had \$126,156 due to 182 Alberta for the purchase of the frac sand properties. In addition, at December 31, 2016, the Company had \$208,803 due to 182 Alberta for the AMR's. See Note 4.

During the years ended December 31, 2016 and 2015, the Company recognized expenses of \$21,550 and \$82,736, respectively, due to 182 Alberta for sampling, consulting services and interest on past due invoices. Payables associated with these services were \$49,287 and \$42,874 at December 31, 2016 and 2015, respectively.

Receivable from Related Parties

At December 31, 2016 and 2015, the Company had \$36,252 due from an officer and director for payroll taxes owed due to the granting of shares of the Company's common stock and the issuance of shares of Teras Resources, Inc. common stock during the February 2013 and September 2013 performance bonus program.

At the year ended December 31, 2015, the Company had \$2,902 due from a former shareholder for repayment of shares issued in error. The Company was unable to recover these shares during 2016 and wrote the balance off at year end.

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NOTE 10 – SUBSEQUENT EVENTS

On October 17, 2017, the Company entered into an Agreement of Purchase and Sale with Wayfinder Corporation (“Wayfinder”) and 182 Alberta to sell all right, title and interest of the frac sand project works. Wayfinder shall pay and satisfy the purchase price at closing by:

- The payment of CAD\$1,500,000 to the Company at closing (USD\$1,199,145 received in October 2017).
- Delivery of the Note which promise to pay CAD\$2,145,768 (USD\$1,715,391) to the Company on July 17, 2018, with interest equal to 1% above the rate per annum quoted by the Bank of Nova Scotia from time to time as its prime rate for Canadian dollar commercial loans made in Canada.
- Wayfinder agrees to pay 182 Alberta the overriding royalty subject to and in accordance with the Overriding Royalty Agreement – see Note 4.
- Wayfinder agrees to pay the Company legal fees at closing to a maximum of CAD\$50,000 (USD\$39,972 received in October 2017).
- Wayfinder agrees to execute and deliver a Non-Competition Agreement.
- Wayfinder agrees to execute and deliver a Collateral Mortgages in respect of the Lands.

If Wayfinder defaults on its payment obligations under the Note, Wayfinder and its affiliates shall:

- Be deemed to have transferred, conveyed, assigned and set over all of its right, title and interest in and to the Enhanced Project Works – see Note 4.
- Promptly transfer and deliver all Enhanced Project Works – see Note 4.
- Cease and desist its use of the Enhanced Project Works – see Note 4.

On October 17, 2017 the Company and 182 Alberta signed a separate Letter Agreement to enter into a formal agreement with Wayfinder concerning the sale of both the Company’s Asset and the 182 Alberta Asset. The Letter Agreement provides for the payment of cash consideration CAD\$3,645,768 (USD\$2,914,536) which the Company and 182 Alberta agree to distribute as follows: CAD\$1,180,000 (USD\$943,327) to 182 Alberta and CAD\$2,465,768 (USD\$1,971,209) to the Company. It was further agreed:

- 182 Alberta would forgive the Company’s payables to 182 Alberta of \$281,250 due for advanced royalty payments up to and including the payment due December 17, 2016 and \$61,460 due in payment of outstanding 182 Alberta work invoices (accrued as related party payable at December 31, 2016).
- 182 Alberta will receive the first Wayfinder payment of CAD\$480,000 (USD\$383,726 payment made in October 2017) upon closing and the second Wayfinder payment of CAD\$700,000 (USD\$559,601) to be made in nine months from closing.
- The Company agreed that if Wayfinder defaulted on any of the payments, the titles to the real properties, being held in collateral for such an occurrence, shall be shared pro rata as to the ratio 1/3 to 182 Alberta and 2/3 to the Company.



BRILLIANT SANDS INCORPORATED

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Management's Discussion and Analysis
For the year ended December 31, 2016

Prepared by:
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Brilliant Sands Incorporated

Management's Discussion and Analysis

For the year ended December 31, 2016

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Brilliant Sands Incorporated (the "Company" or "BSI") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2016 and should be read in conjunction with the audited financial statements of the Company which have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). References to "BSI" in the MD&A refer to the Company and its subsidiaries taken as a whole. Results are reported in US dollars, unless otherwise noted.

Further information about the Company and its operations is available on BSI's website at www.brilliantands.com.

Forward-Looking Statements

This year end report includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could," and similar expressions or phrases identify forward-looking statements.

Forward-looking statements may include statements about:

- our ability to achieve commercial production on any of our projects;
- the amount of frac sand we are able to excavate and process, which could be adversely affected by, among other things, operating difficulties and unusual or unfavorable geologic conditions;
- the volume of frac sand we are able to buy and sell;
- the price at which we are able to produce and sell frac sand;
- changes in the price and availability of natural gas, diesel fuel or electricity;
- changes in prevailing economic conditions;
- unanticipated ground, grade or water conditions;
- inclement or hazardous weather conditions;
- environmental hazards;
- difficulties in obtaining or renewing environmental permits;
- industrial accidents;
- changes in laws and regulations (or the interpretation thereof) related to the mining and hydraulic fracturing industries, silica dust exposure or the environment;
- the outcome of litigation, claims or assessments, including unasserted claims;
- inability to acquire or maintain necessary permits or mining or water rights;
- facility shutdowns in response to environmental regulatory actions;
- inability to obtain necessary production equipment or replacement parts;
- reduction in the amount of water available for processing;

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- technical difficulties or failures;
- labor disputes;
- late delivery of supplies;
- difficulty collecting receivables;
- inability of our customers to take delivery;
- fires, explosions or other accidents;
- cave-ins, pit wall failures or rock falls;
- our ability to borrow funds and access capital markets;
- changes in the political environment of the drilling basins in which we and our customers operate;
- changes in railroad infrastructure, price, capacity and availability, including the potential for rail line washouts;
- anticipated trends and challenges in our business and the markets in which we operate;
- expected future financial performance;
- expectations regarding our operating expenses;
- our ability to anticipate market needs or develop new or enhanced products to meet those needs;
- our ability to expand into other sectors of the storage market, beyond protection storage;
- our ability to compete in our industry and innovation by our competitors;
- our ability to protect our confidential information and intellectual property rights;
- our ability to successfully identify and manage any potential acquisitions;
- our ability to remediate any material weakness in our internal controls identified by our independent registered public accounting firm;
- our ability to maintain or broaden our business relationships and develop new relationships with strategic alliances, suppliers, customers, distributors or otherwise; and
- our ability to manage growth.

All forward-looking statements involve risks, assumptions and uncertainties. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results. These risks, assumptions and uncertainties are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. In light of these risks, uncertainties and assumptions, the forward-looking events might not occur.

Our mining, processing and production facilities are subject to risks normally encountered in the frac sand and gold industries. These risks include:

- changes in the price of frac sand;
- changes in the price and availability of transportation;
- inability to obtain necessary production equipment or replacement parts;

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- inclement or hazardous weather conditions, including flooding, and the physical impacts of climate change;
- unusual or unexpected geological formations or pressures;
- unanticipated ground, grade or water conditions;
- inability to acquire or maintain necessary permits or mining or water rights;
- labor disputes and disputes with our excavation contractors;
- late delivery of supplies;
- changes in the price and availability of fuel sources for our frac sand plants and equipment;
- technical difficulties or failures;
- cave-ins or similar pit wall failures;
- environmental hazards, such as unauthorized spills, releases and discharges of wastes, tank ruptures and emissions of unpermitted levels of pollutants;
- industrial accidents;
- changes in laws and regulations (or the interpretation thereof) related to the mining and oil and natural gas industries, silica dust exposure or the environment;
- inability of our customers or distribution partners to take delivery;
- reduction in the amount of water available for processing;
- fires, explosions or other accidents; and
- facility shutdowns in response to environmental regulatory actions.

Additional risks related to our gold projects include:

- sales or leasing of gold by governments and central banks;
- a low rate of inflation and a strong U.S. dollar;
- global and regional recession or reduced economic activity;
- speculative trading;
- the demand for gold for industrial uses, use in jewelry, and investment;
- high supply of gold from production, disinvestment, scrap and hedging;
- interest rates;
- sales by gold producers in forward transactions and other hedging;
- the production and cost levels for gold in major gold-producing nations; and
- the cost level (in local currencies) for gold in major consuming nations.

Any of these risks could result in damage to, or destruction of, our mining properties or production facilities, personal injury, environmental damage, delays in mining or processing, losses or possible legal liability. Any prolonged downtime or shutdowns at our mining properties or production facilities could have a material adverse effect on us.

Any drop in these mineral prices would adversely impact our future revenues, profits and cash flows. In addition, sustained low mineral prices can:

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- reduce revenues further by production cutbacks due to cessation of the mining of deposits or portions of deposits that have become uneconomic at the then-prevailing prices;
- halt or delay the development of new projects;
- reduce funds available for exploration, with the result that depleted minerals are not replaced

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. Forward-looking statements in this Year End Report are based on management's beliefs and opinions at the time the statements are made. The forward-looking statements contained in this Year End Report are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Year End Report are made as of the date of this Year End Report and we undertake no obligation to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise, except as required by applicable securities laws.

Overview

From July 2006 to December 2014, we were an independent exploration stage mining company in the business of acquiring, exploring and developing mineral natural resource properties, primarily gold and silver. From February 2010 to September 2014, we had worked with another company to develop what had been our largest asset, known as the Cahuilla project, pursuant to two Exploration Earn-In Agreements with Teras Resources Inc. We were also engaged in maintaining, exploring and developing its other mineral projects. We currently have four exploration stage projects in our gold and silver property portfolio.

Our December 2014 acquisition of three properties in Canada from 1824455 Alberta Ltd., which we refer to as 182, transformed us into a company focused on becoming a leading producer, transporter, marketer and distributor of frac sand. Since the acquisition, we have devoted the vast majority of our time and efforts in our transition from an exploration stage gold and silver mining company to becoming a leading producer and supplier of monocrystalline sand, a specialized mineral that is used as a proppant to enhance the recovery rates of hydrocarbons from oil and natural gas wells.

In January 2014, we acquired the Muskox Data Inventory from Prize Mining Corporation. The Muskox Data consists of several years' worth of work on the Ni-Cu-Pd-Pt bearing Muskox Layered Intrusion in Nunavut, Canada. The Muskox intrusion is believed to be one of the most promising targets for platinum group elements. We are currently analyzing and preparing the data for various licensing and other commercial opportunities.

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Qualified Person

Lane Griffin, Professional Geologist, is the company's nominated qualified person responsible for monitoring the supervision and quality control of the programs completed on the Company's properties. Mr. Griffin has reviewed and verified the technical information contained in this MD&A.

Factors Impacting Comparability of Our Financial Results

Our historical results of operations are not indicative of results of operations and cash flows to be expected in the future, principally for the following reasons:

- ***We completed our acquisition of frac sand properties from 182 in December 2014.*** In December 2014, we acquired three properties from 182, transforming us into a company focused on becoming a leading producer, transporter, marketer and distributor of frac sand. As a result of the acquisition, our business plan has transitioned from advancing exploration stage precious metals projects in Nevada to advancing our frac sand projects in Canada.
- ***Our historical financial results include capital expenditures and other costs related to assets outside of our current and anticipated business plan.*** For the periods in the years ended December 31, 2014, we had capital expenditures that related to our gold and silver projects. Since the 182 transaction, we have shifted our focus to the frac sand business.
- ***We terminated certain gold and silver projects during 2014 and 2015.*** As a result, we expect reductions in our royalty payments, claim maintenance fees and exploration expenses related to these projects.
- ***We expect to incur additional general and administrative expenses as an SEC reporting company.*** We expect to incur additional expenses following the effective date of the registration statement of which this prospectus is a part. These expenses are associated with compliance under the Exchange Act.

Critical Accounting Policies

See Note 2 to the financial statements contained in this Year End Report for a complete summary of the significant accounting policies used in the presentation of our financial statements. The summary is presented to assist the reading in understanding the financial statements. The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America "U.S. GAAP".

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Management's Discussion and Analysis

For the year ended December 31, 2016

Our critical accounting policies are as follows:

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are currently expensed and will be capitalized and amortized on a unit of production basis over proven and probable reserves when and if we have proven and probable reserves.

Review of Carrying Value of Property for Impairment

Mineral properties and exploration assets are assessed annually for impairment. If it is determined that the undiscounted expected future cash flows from the asset are less than the asset's carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. Factors considered by management in performing the assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

Revenue Recognition

Revenue is recognized when the services are rendered and collection of payment is deemed probable.

Recently Issued Accounting Standards

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17 Income Taxes - Balance Sheet Classification of Deferred Taxes (Topic 740). The update is designed to reduce complexity of reporting deferred income tax liabilities and assets into current and non-current amounts in a statement of financial position. ASU No. 2015-17 requires the presentation of deferred income taxes, changes to deferred tax liabilities and assets be classified as non-current in the statement of financial position. The update is effective for fiscal years beginning after December 15, 2016. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09 Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The update simplifies the accounting for stock-based compensation, including income tax consequences and balance sheet and cash flow statement classification of awards. The update is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning

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after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Results of Operations

For the Years Ended December 31, 2016 and 2015

Operating Expenses (Income). Total operating expenses decreased \$1.2 million to \$.5 million for the year ended December 31, 2016, as compared to operating loss of \$1.8 million for the year ended December 31, 2015. The decreases were primarily due to the temporary halt of exploration work at all properties as well as the suspension of the investor relations program as a result of the termination of sales of Teras common shares.

Other Income (Expense). Other expenses decreased \$1.5 million, or 34.4%, to \$43,027 year ended December 31, 2016 from \$1.5 million for the year ended December 31, 2015. The decreases were primarily related to the termination of sales of Teras common shares.

Exploration Expense. Exploration expenses decreased \$635,194, or 98.2%, to \$11,506 for the year ended December 31, 2016 from \$646,700 for the year ended December 31, 2015. The decreases were due to the temporary halt of exploration work on the McClelland and Alberta projects.

Payroll and related expenses. Payroll and related expenses increased \$7,417, or 2.4%, to \$313,794 for the year ended December 31, 2016 from \$306,377 for the year ended December 31, 2015. The increase/decrease was due to additional obligations we incurred for expenses that were previous paid by Teras Resources in connection with our earn-in agreements.

Professional fees and consulting. Professional and consulting fees decreased approximately \$85,046, or 31.9%, to \$180,805 for the year ended December 31, 2016 from \$265,851 for the year ended December 31, 2015. The decreases were due to a reduction in outside consulting.

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Management's Discussion and Analysis

For the year ended December 31, 2016

General and Administrative. General and administrative expenses decreased \$306,712, or 85.1%, to \$53,506 for the year ended December 31, 2016 from \$360,218 for the year ended December 31, 2015. The decreases were due to the termination of Investor Relations programs, termination of office lease, and a reduction in legal fees as a result of the disposition of Teras common shares.

Liquidity and Capital Resources

As of the date of this Year End Report, there is limited historical financial information regarding our company upon which to base an evaluation of our performance.

Development of our frac sand properties and plans for further growth of the company depend on our ability to obtain additional capital through the issuance of additional debt or equity and through the generation of revenue. None of our properties has commenced commercial production, and we have no history of earnings or cash flow from our operations. While we may attempt to generate additional working capital through the operation, development, sale or possible joint venture development of our properties, there is no assurance that any such activity will generate funds that will be available for operations.

At December 31, 2016, we had cash of \$50,684 and total current assets of approximately \$342,774. We are currently spending between \$5,000 and \$10,000 per month for our ongoing corporate functions. In addition, we are preparing our budgets for exploration or development of our frac sand properties.

As of the date of this Annual Report, we do not believe that we have sufficient working capital to make the royalty and other payments required on our properties, to conduct preliminary exploration programs and to satisfy our cash requirements for the twelve months following the date of this Annual Report. We will need to obtain additional funds, either through equity offerings or debt, to fund our general and administrative expenses, make the royalty payments required on our properties and conduct exploration programs on our properties. Failure to obtain such additional financing will result in the loss by us of our interests in our mineral properties. We have no agreements or understandings with any person for additional financing.

Net cash used by operating activities decreased to \$(126,726) during the year ended December 31, 2016 from approximately \$(845,448) during the year ended December 31, 2015. A significant component of cash provided by (used in) operating activities is a loss on investments available for sale.

Net cash provided by investing activities primarily relate to capital expenditures relating to mineral interests and proceeds from the sale of common shares of Teras Resources. Net cash provided by investing activities was approximately \$132,937 during the year ended December 31, 2016 compared to \$780,944 during the year ended December 31, 2015. Included in the year ended December 31, 2015 is an increase in the sale of Teras common shares. These shares were liquidated in 2015.

Off-Balance Sheet Arrangements

As of December 31, 2016 and 2015, we did not have any off-balance sheet arrangements.

Brilliant Sands Incorporated

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For the year ended December 31, 2016

Corporate Overview

We were incorporated as the Helena and Livingston Smelting and Reduction Company in the State of Montana in May 1888. We changed our name to "Helena Silver Mines, Inc." in June 1970 and to "Consolidated Goldfields Corporation" in July 2006 in connection with our acquisition of Dome Copper, Inc., a Colorado corporation engaged in the mining business. At the time of the transaction, Dome Copper had fifteen projects consisting of unpatented claims and mining leases.

From July 2006 to December 2014, we were an independent exploration stage mining company in the business of acquiring, exploring and developing mineral natural resource properties, primarily gold and silver. From February 2010 to September 2014, we had worked with another company to develop what had been our largest asset, known as the Cahuilla project, pursuant to two earn-in agreements. We were also engaged in maintaining, exploring and developing its other mineral projects. We currently have four exploration stage projects in our gold and silver property portfolio.

In February 2010, we entered into an earn-in agreement regarding what was then our largest asset, the Cahuilla project, with Teras Resources Inc., a Canadian company engaged in the acquisition, exploration and development of mineral resource properties. We entered into a second earn-in agreement with Teras Resources for the balance of the project in September 2011. The agreements provided for various financial and operational milestones for the project. Over the course of the agreement, the parties met their various obligations, including the issuance by Teras Resources of 24,300,000 of its common shares to us, and Teras Resources earned the right to acquire Cahuilla. The transfer of Cahuilla to Teras Resources was completed in September 2014.

In December 2014, we acquired three properties in Canada and began our strategy to become a leading producer and supplier of frac sand in Canada. The transaction included an initial cash payment of approximately \$43,000 and the issuance of 7,833,334 shares of our common stock, an additional 7,833,334 shares of our common stock held in escrow to be released under certain conditions, an additional cash payment of \$43,000 within the 45 days after closing and an additional cash payment of CAD\$175,000 to be paid concurrently with the completion of a financing transaction by us. Since our acquisition of the frac sand properties, our immediate priorities have been to finance the developments of these properties to begin the process to bring them into production. Following this transaction, we changed our name to "Brilliant Sands Incorporated" to reflect our evolution from a junior gold-silver company to a more diversified mining company with interests in other minerals.

In January 2014, we acquired the Muskox Data Inventory from Prize Mining Corporation. The Muskox Data consists of several years' worth of work on the Ni-Cu-Pd-Pt bearing Muskox Layered Intrusion in Nunavut, Canada. The Muskox intrusion is believed to be one of the most promising targets for platinum group elements. We are currently analyzing and preparing the data for various licensing and other commercial opportunities.

Brilliant Sands Incorporated

Management's Discussion and Analysis

For the year ended December 31, 2016

Market Opportunity

Relationship to Oil and Gas Industry

Over the past decade, oil and gas companies in North America have focused a great deal on unconventional oil and natural gas reservoirs through advanced techniques, such as horizontal drilling and hydraulic fracturing. A hydraulic fracturing job on one well can require a few thousand tons of sand. As a result, North American demand for proppant has increased rapidly. We believe that the market for frac sand will continue to grow based on the expected long-term development of these plays.

The oil and natural gas proppant industry is based on businesses involved in the mining or manufacturing of the materials used in the drilling and completion of oil and natural gas wells. Hydraulic fracturing is the most widely used method for stimulating increased production from wells. The process consists of pumping fluids, mixed with granular proppants, into the geologic formation at pressures sufficient to create fractures in the rock. The fractures create channels through which the hydrocarbons can flow more freely from the formation into the wellbore and then to the surface. Alternatives to frac sand include ceramic beads and resin-coated silica, but they can be more costly to produce.

Raw frac sand is a naturally occurring mineral that is mined and processed. It is a high-purity quartz sand with very durable and very round grains. It is a crush-resistant material produced for use by the petroleum industry. It is used in the hydraulic fracturing process known as "fracking" to produce petroleum fluids, such as oil, natural gas and natural gas liquids from rock units that lack adequate pore space for these fluids to flow to a well.

While the specific extraction method utilized depends primarily on the geologic setting, most raw frac sand is mined using conventional open-pit bench extraction methods. The composition, depth and chemical purity of the sand also dictate the processing method and equipment utilized. After extraction, the raw frac sand is washed, dried and sorted according to mesh size.

Most frac sand is shipped in bulk from the processing facility to customers by truck, rail or barge. For bulk frac sand, transportation costs often represent a significant portion of the customer's overall product cost. As a result, facility location and logistics capabilities are among the most important considerations for producers, distributors and customers.

We intend to use the significant mining industry experience of our management team to take advantage of what we believe are favorable, long-term market dynamics as we execute our growth strategy, which includes the development of our frac sand properties. We intend to remain focused on the frac sand market as we believe it offers attractive long-term growth fundamentals.

Brilliant Sands Incorporated

Management's Discussion and Analysis

For the year ended December 31, 2016

Business Strategy

The primary components of our business strategy are:

We believe the frac sand market offers attractive long-term growth fundamentals, and we intend to position ourselves as a producer of quality frac sand located in the provinces of Alberta and Manitoba. Over the past several years, the demand for frac sand in the United States and Canada has grown significantly, primarily as a result of increased horizontal drilling, technological advances that allowed for the development of many unconventional resource formations, increased proppant use per well and cost advantages over other proppants such as resin coated sand and ceramic alternatives. In particular, the demand for natural Tier 1 and Tier 2 frac sand, such as the type we intend to mine and sell from our properties, is very strong among end users who are focused on the extraction of oil and liquids-rich natural gas. We believe frac sand supply will continue to be constrained by a variety of factors, including but not limited to:

- the difficulty in finding reserves suitable for use as frac sand, which are largely limited to select areas of the United States and Canada and which must meet the technical specifications of the American Petroleum Institute ("API");
- challenges associated with locating contiguous reserves of frac sand sufficient to justify the capital investment required to develop a mine and processing plant; and
- securing necessary permits required for operations.

We may selectively pursue favorable acquisitions in our areas of operation that we believe will allow us to realize growth and operational efficiencies. We also intend to maintain financial strength and flexibility to enable us to pursue our growth strategy, including acquisitions, organic growth and asset optimization opportunities as they arise.

Competitive Strengths

We believe that we are well positioned to successfully execute our business strategy. Our frac sand properties are located near other projects have proven successful in developing frac sand projects. Our properties are located relatively closely to many potential customers in the Canadian oil and natural gas industry. As transportation is a large cost in the frac sand industry, location near our potential customer base can allow us to achieve revenues at a lower cost than many of our competitors. In addition, we believe that there is limited availability of Tier 1 and Tier 2 sand because the current Canadian industry sources are focusing on the growing U.S. market demand. This provides an opportunity to a potential producer focused on the Canadian oil and gas industry.

Our directors have more than 70 years of combined industry experience. They have managed numerous mining projects and businesses and successfully led acquisitions and exits in the industry.

Brilliant Sands Incorporated

Management's Discussion and Analysis

For the year ended December 31, 2016

The Projects

McClelland

The McClelland property is located 60 kilometers north of Fort McMurray and accessible by road as well as being near power and water supply. The McClelland property is strategically located near the Alberta Basins, which we believe gives us a competitive advantage to suppliers that are further away. We expect the McClelland property to enable us to produce and sell frac sand to the Canadian oil and gas companies with Canadian dollars. The McClelland property is 83,778 acres. The property has undergone initial sampling and testing.

Alberta

The Alberta Project is strategically located in the heart of three Alberta Basins, which could provide a competitive advantage of being within trucking distance to the well-head, which could enable us to sell any sand directly from the mine site with substantially reduced costs. The property is accessible by both rail and road as it sits on top of infrastructure. Faster delivery, no need for long distance rail and reduced weather or congestion delays could result in our being able to sell the sand on favorable terms and potentially favorable margins compared to competitors. The Alberta Project is also a large land position at 87,000 acres. Sampling and further land acquisition is currently underway.

Washow

The Washow property is located in Manitoba, north of Winnipeg, and accessible by road as well as being near power and water supply. The Washow property is less than 100 kilometers from rail and lies in an area known for the only "Northern White" sand in Canada, which is Tier 1 sand. The Washow property is strategically located near the Alberta basins which could allow us to access that market at a reduced cost compared to many competitors as it is located approximately half the distance to the Alberta Basins than the U.S. suppliers in Wisconsin. Our current land position at Washow is 1,000 acres.

Permits

In order to conduct our frac sand operations, we are required to obtain permits from various local, state and federal government agencies. The various permits may include permits for mining, construction, air quality, water discharge and quality, noise, dust and reclamation. Prior to receiving these permits, we must comply with the regulatory requirements imposed by the issuing governmental authority. In some cases, we also must have certain plans pre-approved, such as site reclamation plans, prior to obtaining the required permits. A decision by a governmental agency to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations at the affected facility. Expansion of our existing operations also is predicated upon securing the necessary environmental and other permits and approvals.

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Management's Discussion and Analysis

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Competition

The frac sand market is a highly competitive market that is comprised of a small number of large, national producers and a larger number of small, regional or local producers. Competition in the frac sand industry has increased in recent years due to favorable pricing and demand trends, and we expect competition to continue to increase if those trends continue. Suppliers compete based on price, consistency and quality of product, site location, distribution capability, customer service, reliability of supply, breadth of product offering and technical support. We believe the leading producers of frac sand include Emerge Energy Services LP, Hi-Crush Partners LP, Unimin Corporation, Fairmount Minerals, Ltd. and U.S. Silica Holdings, Inc. In recent years there has also been an increase in the number of small producers servicing the frac sand market. Due to increased demand, existing or new frac sand producers could expand their frac sand production capacity, thereby increasing competition.

Environmental and Occupational Health and Safety Regulations

We will be subject to stringent and complex Canadian laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of worker health, safety and the environment. These regulations include compliance obligations for air emissions, water quality, wastewater discharges and solid and hazardous waste disposal, as well as regulations designed for the protection of worker health and safety and threatened or endangered species. Compliance with these environmental laws and regulations may expose us to significant costs and liabilities and cause us to incur significant capital expenditures in our operations.

We may be obligated to obtain permits or approvals in our operations from various federal, state and local authorities. These permits and approvals can be denied or delayed, which may cause us to delay or interrupt our operations and limit our growth and revenue. Moreover, failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of remedial obligations, and the issuance of injunctions delaying or prohibiting operations. Private parties may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. There is no assurance that this degree of compliance will continue in the future. In addition, the clear trend in environmental regulation is to place more restrictions on activities that may affect the environment, and thus, any changes in, or more stringent enforcement of, these laws and regulations that result in more stringent and costly pollution control equipment, waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on our operations and financial position.

Gold and Silver Projects

Our gold and silver property portfolio is comprised of four projects in Nevada. Since our acquisition of the frac sand properties, we have, and we may continue to, pursue dispositions or joint venture transactions for our gold and silver properties, but we do not intend to expend substantial time or resources on these projects at the current time. We either terminated or sold four gold and silver projects in 2015.

Brilliant Sands Incorporated

Management's Discussion and Analysis

For the year ended December 31, 2016

Pyramid Mine

The Pyramid Mine, a high-grade silver, gold, lead and zinc project consists of five unpatented lode claims situated in Churchill County, Nevada which are 100% owned by the Company. The project is located in the Terrill Mountains and Holy Cross Mining District which is situated within the northwest trending, regional Walker Lane, structural zone. In April 2009, the Company entered into an Option-to-Purchase Royalty Agreement giving the Company the option to purchase a 1.5% net smelter return royalty on the unpatented mining claims of the Pyramid Mine. Our exploration expenses for the Pyramid Mine for the year ended December 31, 2016 and 2015 were \$0 and \$163, respectively.

During January 2016, the Company entered into an Exploration and Mining Lease with Options to Purchase Agreement with Premium Bonanza Gold Mines, LLC to lease the Pyramid Mine project. See the Note 4 of the Annual Financial Statements.

Koegel Hills

The Koegel Hills project consists of 71 unpatented claims encompassing 1,420 acres located in Mineral County, Nevada which are 100% owned by the Company. The project is an extensive copper-gold bearing porphyry system manifested by intense surface alteration that extends for more than six square miles. Our exploration expenses for the Koegel Hills project for the year ended December 31, 2016 and 2015 were \$0 and \$0, respectively.

During August 2016, the Company entered into an Exploration and Mining Lease with Options to Purchase Agreement with Lucky Irish Silver, Inc. to lease the Koegel Hill project. See Note 4 of the Annual Financial Statements.

Four Mile Basin

The Four Mile Basin property is located in Nye County, Nevada. The Company owns a 100% interest in two unpatented claims that are surrounded by another mining company that controls an extensive land position throughout the district. The claims encompass a substantial hot springs system that is characterized by prevalent surface sinter and feeder veins composed of quartz replacing calcite. The vein system is manifest as a prominent northwest trending topographic high that can be traced for a strike length of greater than 6,000 feet. Strongly anomalous gold mineralization has been encountered throughout the surface sinter and feeder veins. Our exploration expenses for the Four Mile Basin project for the year ended December 31, 2016 and 2015 were \$0 and \$115, respectively.

During August 2016, the Company entered into an Exploration and Mining Lease with Options to Purchase Agreement with Lucky Irish Silver, Inc. to lease the Four Mile Basin project. See Note 4 of the Annual Financial Statements.

Brilliant Sands Incorporated

Management's Discussion and Analysis

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Gold Star

The Gold Star property is a high-grade precious and base metal deposit located in Mineral County, Nevada and consists of 13 unpatented lode claims which are 100% owned by the Company.

In the project area, two types of mineralization have been encountered, free gold and copper associated with a skarn and high-grade silver-lead-zinc mineralization hosted in a major east-west trending fault zone. In 2002, the Company collected surface geochemical samples that encountered numerous gold anomalies ranging from 15 to 11,404 parts per billion or 0.333 ounces of gold per ton.

During July 2015, the Company entered into a Letter of Intent with Multiple Metals Resources Ltd., to earn-in to an equity position and option to purchase the Gold Star property.

During November 2016, the Company and MMRL entered into a Purchase Agreement with Sunvest Minerals Corporation ("Sunvest"), where MMRL has agreed to assign and transfer such earn-in and option rights to Sunvest and the Company has consented to the assignment and transfer. See Note 4 of the Annual Financial Statements.

Our exploration expenses for the Gold Star project for the year ended December 31, 2016 and 2015 were \$767 and \$901, respectively.

During 2015 we either terminated or sold the following gold and silver projects:

- Fisher Canyon, the Company terminated the Exploration and Mining Lease Agreement and Option to Purchase Royalty Agreement in May 2015;
- Klondike Pass project, the Company terminated the Exploration and Option to Purchase Agreement in August 2015; and
- Kibby Flats, the Company entered into a Stock-for-Property Exchange Agreement to purchase the Kibby Flats project in exchange for 400,000 shares of common stock in a private company.
- King Solomon, the Company terminated the Exploration and Mining Lease with Option to Purchase Agreement in November 2015.

We expensed a total of \$1,085 and \$11,303 for exploration of the gold and silver projects for the year ended December 31, 2016 and 2015 respectively. In addition, we regularly make filings with the counties in which our claims are located, demonstrating our intent to hold the claims or sites and/or notifying the authorities when labor or improvements were performed or made on for the mining claims. We also make regular filings with and pay fees to the U.S. Department of the Interior, Bureau of Land Management, or the BLM, relating to its mining claims.

Muskox Data Inventory

In January 2014, we acquired the Muskox Data Inventory from Prize Mining Corporation. The Muskox Data consists of several years' worth of work on the Ni-Cu-Pd-Pt bearing Muskox Layered Intrusion in Nunavut, Canada. The Muskox Intrusion was first worked on in the 1960's and 1970's by the Geological

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For the year ended December 31, 2016

Survey of Canada and by Inco Mining. Prize Mining began working on the project in 1998 and spent over \$18 million on the project through 2004. In addition, Prize Mining accumulated data from its joint venture partners Anglo American and Silvermet Mining in the 2000's valued at roughly \$10 million.

The purchase price for the Muskox Data was \$1 million, paid by the issuance of 3,703,334 shares of our common stock. In addition, we agreed to pay an additional \$50,000 in cash in satisfaction of certain potential Canadian tax obligations incurred by Prize Mining as a result of the transaction, which were later determined to be not applicable. Feisal Somji, our Chairman of the Board, is CEO, director and shareholder of Prize Mining.

The Muskox intrusion is believed to be one of the most promising targets for platinum group elements. We believe demand for the Muskox Data will be significant as we believe mining companies direct their attention to the Muskox intrusion. We are currently analyzing and preparing the data for various licensing and other commercial opportunities.

Environmental and Occupational Health and Safety Regulations

We will be subject to stringent and complex Canadian laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of worker health, safety and the environment. These regulations include compliance obligations for air emissions, water quality, wastewater discharges and solid and hazardous waste disposal, as well as regulations designed for the protection of worker health and safety and threatened or endangered species. Compliance with these environmental laws and regulations may expose us to significant costs and liabilities and cause us to incur significant capital expenditures in our operations.

We may be obligated to obtain permits or approvals in our operations from various federal, state and local authorities. These permits and approvals can be denied or delayed, which may cause us to delay or interrupt our operations and limit our growth and revenue. Moreover, failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of remedial obligations, and the issuance of injunctions delaying or prohibiting operations. Private parties may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. There is no assurance that this degree of compliance will continue in the future. In addition, the clear trend in environmental regulation is to place more restrictions on activities that may affect the environment, and thus, any changes in, or more stringent enforcement of, these laws and regulations that result in more stringent and costly pollution control equipment, waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on our operations and financial position.