



**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED  
MARCH 31, 2018 AND 2017**

**INTRODUCTION**

Treasury Metals Inc. (TSX: TML) (“Treasury Metals” or “Treasury” or the “Company”) is a Canadian gold exploration and development company focused on its 100% owned Goliath Gold Project. The Project has access to first-rate infrastructure at its location near Dryden in northwestern Ontario. Treasury Metals is advancing Goliath through the Canadian permitting process to begin mining production for an open-pit gold mine and subsequent underground operations to be developed in the latter years of mine life. Key programs during 2018 and 2017 include diamond drilling and field exploration, an updated PEA, engineering activities, and continuation of the permitting process towards the Company’s stated goals of completing a feasibility study and mine permits on the Goliath Gold Project.

Established in 2008, Treasury Metals operates corporate headquarters in Toronto, Ontario, and a Project Office at the Goliath Gold Project in the Kenora Mining Division in northwestern Ontario. Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol “TML”, and on the OTCQX® Best Market under the symbol “TSRMF”. Additional corporate information can be found on Treasury Metals Inc.’s website at [www.treasuremetals.com](http://www.treasuremetals.com).

This Management Discussion and Analysis (“MD&A”) of the financial condition and results of operations of Treasury Metals should be read in conjunction with the Company’s financial statements for the periods ended March 31, 2018 and 2017, including the related notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). This MD&A is presented as of May 9, 2018. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains “forward-looking” statements that are subject to risk factors set out in a cautionary note contained herein.

**OVERVIEW**

During the period, the Company’s work programs on its Goliath Gold Project continued with a focus on the steps to facilitate and complete a decision on mine construction:

- In May 2018, CEAA confirmed the revised EIS and Information Requests meet their completeness requirements to move onto the technical review of the documentation. This acceptance means the revised EIS is undergoing formal review by CEAA and the Goliath Gold Project is now within the legislated timeline period for the completion of Federal Environmental Assessments with approximately 34 weeks remaining of Government review time.
- On March 27, 2018, the Company announced successful results from its recently completed 15,000 meter infill exploration drilling program to upgrade mineral resources into the mine plan.

- On December 18, 2017, the Company announced that it has entered into a Memorandum of Understanding (“MOU”) with the Métis Nation of Ontario (“MNO”) in relation to the Company’s Goliath Gold Project in northwestern Ontario (the “Project”).
- On October 2, 2017, the Company announced results from its recently completed 4,360 metre condemnation and infill exploration drilling program. This drill program tested several areas where future mining infrastructure will be situated, including milling and mining operations. The Company is encouraged by a number of new near surface gold intersections northeast of the proposed open pit. A number of significant intersections were found in its infill sampling program which was designed to assay previously drilled but un-sampled drill core in all zones, prioritizing intervals within and near the proposed open pit. Results include TL10-96 intersecting 11.37 g/t over an intersection length of 4.20 m including 34.80 g/t over 1.30 m within the D Zone and TL10-108 intersecting 31.38 g/t over 3.00 m including 93.40 g/t over 1.0 m in a HW Zone. All results from both the condemnation and infill program are available for viewing in the Complete Assay Table on the Company’s website and all material results have been filed on SEDAR, under the Company’s profile at [www.sedar.com](http://www.sedar.com).
- On March 8, 2017, Treasury Metals announced a new updated PEA showing significantly improved economics at the Goliath Project. The full PEA report has been filed on SEDAR on April 17, 2017. ([www.sedar.com](http://www.sedar.com)). Highlights include:
  - After-Tax NPV of CAD\$306 million and IRR of 25% at US\$1,225 per ounce
  - A 44% increase in the Life of Mine (“LOM”) gold production profile, while taking a conservative approach with respect to operating and capital costs compared with the 2012 PEA;
  - Average annual production of 87,850 oz Au over a 13 year combined open pit and underground mine life; peak production exceeding 100,000 oz per year Au from years three to six;
  - LOM head grade of 3.8 g/tonne (Au), an increase of 33% from the 2012 PEA; and
  - Total cash cost is estimated at US\$525 per equivalent gold ounce (“AuEq”) and an all-in sustaining cost (“AISC”), as defined by the World Gold Council, estimated at US\$611 per AuEq.
- On August 1, 2017, the Phase II drilling exploration program commenced at Goliath Gold Project. The Phase II program will consist of 15,000 metres of infill drilling in the Main Zone resource area allowing for further resource conversion from inferred to the indicated category, extending the shoots down-dip. These 15,000 metres of infill drilling will be broken into two separate phases as well in order to take into consideration the Company’s cash position at the time of the program launch. Phase IIA – 5,000 metres of infill drilling on the Main Zone Central Shoot and Phase IIB – 10,000 metres of infill drilling on the Main Zone Eastern and Western Shoots. In addition, an expansion and exploration program of 15,000 metres will focus on “high priority” step out targets outside of the known Goliath resource area along strike to the northeast to test near surface targets as well as extending down-dip below the current resource in both the Main and C Zone areas. Initial results of the first program of the Phase II drilling program are detailed later in this report under the “Exploration” section.
- Throughout the period, the Company continued to collect baseline environmental data as part of ongoing permit requirements and continued to work with external consultants to design a new exploration program, and to optimize the Project scope and Project economics.

- On a parallel process with the Federal EA, Treasury continues to work on technical reports to support the provincial permitting process. Communication is ongoing with various provincial ministries to confirm the application formats and technical support required for each specific permit that will be granted under provincial authority. Both provincial mine closure plan and tailings storage facility construction reports continue to be advanced. Treasury expects the provincial permitting process to move in a similar timeline to the Federal EA and will provide updates as work progresses.

Other recent key milestones and events in 2018 and 2017:

- On December 21, 2017, the Company closed a private placement issuing 6,350,000 flow-through common shares of the Company, at a price of \$0.67 per share, for aggregate gross proceeds of \$4.25 million.
- On June 7, 2017, the Company announced that the Company and its lenders, Extract Advisors LLC (“Extract”) and Loinette Company Leasing Ltd. (“Loinette” and together with Extract, the “Lenders”), completed an amendment (the “Loan Extension”) to the existing US\$4.4 million convertible term loan which is comprised of two tranches (the “Term Loan”). The Loan Extension amended, among other terms, the maturity date of the Term Loan, extending it to April 2, 2019, from September 20, 2017. Pursuant to the terms of the Loan Extension, US\$2.2 million of the Term Loan has been amended to be convertible at the election of the Lenders into common shares in the capital of the Company (the “Common Shares”) at a conversion price fixed at CAD\$0.90 per Common Share, representing approximately a 41% premium to the closing price of the Common Shares on May 5, 2017 prior to entering into the binding term sheet (“Tranche 1”). The remaining principal amount of US\$2.2 million of the Term Loan is unchanged and continues to be convertible into Common Shares at a price equal to CAD\$0.588 per Common Share and will have no further amendments (“Tranche 2”). The Loan Extension has been superseded with a definitive agreement entered into by the Company and the Lender on June 7, 2017. Further details related to the Term Loan Extension were provided in a press release issued by the Company on June 8, 2017 and May 8, 2017.
- On May 15, 2017, the Company closed the \$8,060,000 financing which had been announced on April 20, 2017. The Offering was co-led by Haywood Securities Inc. and PI Financial Corp., and included Canaccord Genuity Corp. The Offering consisted of a maximum of 12,400,000 Units, at a price of \$0.65 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each full warrant exercisable into one common share of the Company at a price of \$0.95 for a period of 24 months from the closing date.
- The Company exercised in March 2017 an option to repurchase an outstanding US\$10/oz Au production fee from Extract Capital Master Fund Ltd. and Loinette Leasing Ltd. for total consideration of US\$350,000, thereby eliminating the future cost of the fee in its entirety and enhancing the overall project economics at Goliath.

## PLANS FOR THE YEAR 2018

The Company's key objectives for Goliath and proposed timelines are provided, as follows:

- Pre-Feasibility Study: The Company commenced in Q4 2017 a Pre-Feasibility Study on the Goliath Gold Project to be followed by a full Feasibility Study which is expected to take 8 months to complete and is targeted for completion in 2019. Both studies will incorporate an updated NI 43-101 Resource Estimate as well as additional engineering, optimization work, finalized metallurgical and grinding testwork and earthworks geotechnical support studies.
- Updated NI 43-101 Resource Estimate: The Pre-Feasibility Study will contain an updated 43-101 Resource for Goliath including all drilling up to the end of 2017. For the Feasibility Study, the Company anticipates providing another updated 43-101 Resource which will include all drilling completed up to the closest cut-off time that can be provided for based on the study's progress.
- Permitting Progress: The Company continues to make permitting progress, including the submission of Information Request responses as part of the Federal Government of Canada's Environmental Impact Statement ("EIS") review. The Company along with its technical consultants recently completed a substantial body of technical work and the EIS Document was formally resubmitted to CEAA on April 20, 2018. This body of technical work will also be used in the engagement and consultation process with Indigenous peoples and communities, and the general public.
- Community Engagement: Indigenous and Community engagement continues to progress in step with the stage of the project and long-term relationship agreements are anticipated as the above milestones are completed.

## MINERAL EXPLORATION PROPERTIES

### Goliath Gold Project

The Goliath Gold Project ("Goliath" or "the Project") is located in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. Goliath Gold Project consists of approximately 5,049 hectares (approximately 50 km<sup>2</sup>) and covers portions of Hartman and Zealand townships. The Project is comprised of two historic properties now consolidated under the common name Goliath Gold Project, which consists of: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp., and the Goliath Property, transferred to the Company from Laramide Resources Ltd. The Goliath Gold Project has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, totalling about \$105,000 per year.

### Lara Polymetallic Project

The Lara Polymetallic Project, located in the southern region of Vancouver Island, lies about 75 kilometres north of Victoria, 15 kilometres northwest of Duncan and about 12 kilometres west of the Village of Chemainus,

Victoria Mining Division, British Columbia, Canada. The Lara Property was comprised of 90 mineral claims at the end of 2013. In 2017, as the claims came up for renewal, only the significant claims were renewed and the Project currently consists of 59 mineral claims.

### **Goldeye**

The acquisition of Goldeye Explorations Limited was completed on November 24, 2016. Effective upon closing, Goldeye became a wholly owned subsidiary of Treasury and all of the issued and outstanding common shares of Goldeye were acquired by Treasury. The acquisition provides Treasury with a second high-quality asset, the Weebigee Project, in northwestern Ontario.

The Weebigee Project, Goldeye's principal asset, is a high-grade gold project located near Sandy Lake in northwestern Ontario. Goldeye's most recent exploration program, consisting of a 2,200 metre shallow drill program, reported significant gold results. The Weebigee Project is subject to an earn-in option agreement between GPM Metals Inc. and Sandy Lake Gold Inc. (formerly Lago Dourado Minerals Ltd.) and Goldeye. The Company is in arbitration with Sandy Lake Gold, as detailed in the Weebigee Project section later in this Management Discussion & Analysis.

Three other gold exploration properties were inherited with the Goldeye acquisition, the Goldrock/Thunder Cloud and Shining Tree (Fawcett Lake) properties, and Van Hise (Larder Lake) property (subsequently dropped), all of which reside in the Province of Ontario. All of these properties are grassroots with no exploration permits in place for more advanced field work, such as diamond drilling.

## **GOLIATH GOLD PROJECT**

### **TECHNICAL REPORTS**

#### **I) Preliminary Economic Assessment Update – April 2017**

Highlights (all currencies are reported in Canadian dollars unless otherwise specified):

- After-Tax NPV of CAD\$306 million and IRR of 25% at US\$1,225 per ounce
- The PEA benefits from a 44% increase in the Life of Mine (“LOM”) gold production profile, while taking a conservative approach with respect to operating and capital costs compared with the 2012 PEA;
- Average annual production of 87,850 oz Au over a 13 year combined open pit and underground mine life; peak production exceeding 100,000 oz per year Au from years three to six;
- LOM head grade of 3.8 g/tonne (Au), an increase of 33% from the 2012 PEA; and
- Total cash cost is estimated at US\$525 per equivalent gold ounce (“AuEq”) and an all-in sustaining cost (“AISC”), as defined by the World Gold Council, estimated at US\$611 per AuEq;

The optimized mining plan used in the PEA envisions an initial open pit generating immediate revenues to fund underground development. Underground (“UG”) production begins in the second year with the open pit operating

over an additional 7 years at a reduced output to supplement UG production to a total of 2,500 tonnes per day over the course of a 13-year total mine life. Total gold production is estimated at 1.14 million ounces of gold and 2.0 million ounces of silver. Initial capital to fund construction is estimated at CAD\$133.2 million with an additional CAD\$132.5 million in sustaining capital over the LOM primarily to fund the underground expansion.

The mine is proposed to produce an average head grade of 3.81 g/t gold and 10.55 g/t silver with Open Pit and UG mining producing average grades of 1.58 g/t and 4.87 g/t of gold, respectively. The infill diamond drilling programs completed to date since the PEA in 2012 (the “2012 PEA”) have resulted in improved project economics and overall confidence in the mine plan. The stripping ratio of waste rock to mill feed has been reduced to 6:1, which represents a 35% improvement over the 2012 PEA. This stripping ratio does not include pre-production stripping of approximately 1.3 million metres cubed of overburden material.

All mined ounces in the open pit are within the Measured and Indicated categories. Seventy per cent of the mineable ounces within the Underground are classified within the Measured and Indicated categories which represent a significant increase from the 2012 PEA.

Underground production is envisioned to be carried out at an average rate of 1,600 tonnes per day using the long hole stoping method on 30 metre sublevels. Average underground operating costs have been estimated at \$77/tonne, a 28 per cent increase over the cost assumption in the 2012 PEA.

The full Updated Preliminary Economic Assessment – April 2017 was filed on SEDAR on April 17, 2017 ([www.sedar.com](http://www.sedar.com))

## **II) Updated 2015 Mineral Resource Estimate**

An updated gold mineral Resource Estimate report (the “2015 Resource Estimate”) was completed by P&E Mining Consultants Inc., of Brampton, Ontario, and announced in August 2015. The 2015 Resource Estimate is an update to the NI 43-101 Resource Estimate previously released on November 9, 2011 (the “2011 Resource Estimate”) and includes results from a database representing an additional 173 diamond drill holes and 29 old re-entered drill holes totalling 50,048 m that were completed between 2012 and 2015.

Highlights of the 2015 Resource Estimate are:

- Open Pit and Underground 2015 Resource Estimate:
  - Measured: 90,300 ounces Au Eq (1.12 Mt at 2.51g/tonne Au Eq);
  - Indicated: 1,075,500 ounces Au Eq (19.44 Mt at 1.72 g/tonne Au Eq);
  - Inferred: 341,300 ounces Au Eq (3.47 Mt at 3.06 g/tonne Au Eq).
- New “Measured” Resources identified totalling 90,300 ounces AuEq (Open Pit and Underground).
- Total “Measured” and “Indicated” Mineral Resources now totals 1,165,800 ounces AuEq (20.56 Mt at 1.76 g/t AuEq), an increase of 44% from the 2011 Resource Estimate.
- Open Pit Resources increased from 348,000 “Indicated” ounces AuEq in 2011 to a combined “Measured” and “Indicated” Resource of 775,600 ounces AuEq, in 2015 that more than doubles the near surface gold Resources.

- The combined “Measured” and “Indicated” underground gold resource totals 2,367,000 tonnes and grades 5.13 g/t AuEq for a total of 390,100 AuEq ounces.
- Gold Resources at Goliath remain open at depth and along strike.

Resources were defined using a block cut-off grade of 0.35 g/tonne AuEq within an optimized pit shell for Open Pit Resources (to an approximate depth of >130 metres elevation above sea level or <260 metres depth from surface) and 1.90 g/tonne AuEq for Underground Resources. Open Pit plus Underground “Measured” and “Indicated” Resources total 20.6 million tonnes with an average grade of 1.69 g/tonne Au and 6.4 g/tonne Ag for 1,114,400 ounces gold and 4,245,000 ounces silver for a total of 1,165,800 ounces AuEq. “Inferred” Resources for Open Pit and Underground total 3.47 million tonnes with an average grade of 2.96 g/tonne Au and 8.3 g/tonne Ag for 330,100 ounces gold and 928,300 ounces silver for a total of 341,300 ounces AuEq.

The Main Zone and C Zone contain the majority of mineral resources from all categories. The 2015 Resource Estimate, which uses a combination of historical and current drilling results, does not incorporate potential metal credits from by-product metals of lead or zinc.

The full Updated 2015 Mineral Resource Estimate was filed on SEDAR on October 9, 2015.

## **ENVIRONMENTAL, PERMITTING AND DEVELOPMENT ACTIVITIES**

A number of exploration and development programs are ongoing for the further advancement of the Goliath Gold Project, as outlined in their respective sections below.

### **Environmental Impact Statement**

A Project Description (“PD”) for the Goliath Gold Project was submitted on November 27, 2012 and accepted on November 30, 2012 by the federal government’s Canadian Environmental Assessment Agency (“CEAA”). The Company’s PD initiated the official permitting and approvals process for mine development. This milestone marked a significant advancement in the development of the Goliath Gold Project and officially began the federal government’s 365-day legislated period for the completion of the Environmental Assessment (“EA”) by CEAA. The 365-day review and approval window includes 45 days CEAA used to determine that an EA for the Goliath Project was required. CEAA used the PD to develop the guidelines for an Environmental Impact Statement (“EIS”) that Treasury Metals is required to complete as an integral part of the EA process. These guidelines were received from CEAA on February 21, 2013.

Pursuant to the Canadian Environmental Assessment Act 2012, the PD outlines the proposed Project development plan and will provide a greater understanding of the Project to the appropriate agencies and authorities. The scope of the Project as submitted in 2012 included initially an open pit for three years followed by a combination of both open pit and underground mining methods that will continue to the end of the total years of mine life. Any associated infrastructure needed to successfully develop and operate the project is described within the document. The PD also outlines the results of Treasury Metals environmental baseline studies, which are ongoing, as well as anticipated socioeconomic and environmental impacts, and consultations and communications to date with local, provincial and federal government agencies, Indigenous peoples, communities, and the general public. The Company’s environmental baseline studies, initiated in the fall of 2010, support the permitting process.

Environmental baseline studies are ongoing and to date have identified “no fatal flaws” for the Goliath Gold Project.

Following the initial submission of the EIS to CEAA in October 2014, CEAA returned with several comments and questions to complete for the document, as a whole, to be accepted for concordance with the requirements of the EIS guidelines. During this year the legislated timeline for completion was officially paused while the Company made the requested edits. The Company, along with its consultants lead by Tetra Tech WEI Inc., answered comments and questions in the document for CEAA. Part of this process included submission of an updated draft V2 of the EIS document to CEAA for review on December 23, 2014, followed by official V3 of the document on March 9, 2015, which subsequently re-started the legislated timeline for completion. Subsequent to this, CEAA returned another round of comments which the Company completed and submitted in April 2015. On April 10, 2015, CEAA confirmed that the Treasury Metals Goliath Project EIS conforms to the CEAA Guidelines. As a result, the Project moved on to the public comment period and technical reviews conducted by various federal government agencies. The public comment period took place in a 30-day period from April 25 to May 24, 2015, and included Indigenous peoples and general public open house meetings lead by CEAA. Treasury Metals and the Company’s consultants who have provided input into the EIS were represented at these meetings to provide technical content for these sessions. Most meetings occurred in the Dryden, Ontario and Wabigoon, Ontario areas.

On June 30, 2015, as a normal part of the EA process, CEAA returned a series of Information Requests stemming from the public comment period and CEAA’s own technical review of the EIS. In June 2016, Wood Environmental (“Wood”) was engaged as a principal consultant to lead the technical work to return responses to CEAA. The Company and its consultants completed a draft submission of the IR responses. Subsequent to a review by CEAA, a substantial body of technical work necessary for a formal submission of the IR responses including a revised EIS document has been submitted to CEAA as of September 2017. On May 11, 2018, CEAA confirmed the revised EIS and Information Requests meet their completeness requirements to move onto the technical review of the documentation. This acceptance means the revised EIS is undergoing formal review by CEAA and the Goliath Gold Project is now within the legislated timeline period for the completion of Federal Environmental Assessments with approximately 34 weeks remaining of Government review time.

This body of additional technical work will also be used in the engagement and consultation process with Indigenous peoples and communities, and the general public. The provincial permitting application process for the Goliath Gold Project is ongoing and will run in a parallel fashion along with the federal environmental assessment process. Treasury Metals continuously communicates with provincial agencies (MNDM, MOE, MNR) via phone, correspondence and other meetings, as required.

A meeting was held with Hydro One to confirm power requirements and discuss the connectivity permitting process. Treasury has received verbal confirmation that capacity is available on the local 115 kV line on site and that this location is ideal for a power connection. Contact has been made with the Independent Electricity Systems Operator to begin the electrical connection process.

Treasury Metals also continues to advance technical engineering and environmental programs that support the Goliath Gold Project’s Environmental Impact Statement. These technical programs will also flow into the Feasibility Study.

### Scoping/Optimization Study:

A scoping/optimization study is designed to narrow the ore processing and tailings storage options and is complementary to both the EIS and the Feasibility Study work. The purpose of evaluating all additional options is to improve project economics by significantly reducing CAPEX requirements for the project and simplifying environmental permitting, especially if cyanide extraction could be eliminated. These study results are also included in the “Alternatives Assessment” as required for the EIS to demonstrate that “all technically feasible” options for the project have been considered.

Metallurgical work and initial testing has indicated that very good gold recovery values could be expected using gravity separation and flotation alone. Approximately 220 kg of Goliath Project ore has been tested with Gekko Systems of Australia to verify recoveries using gravity separation and flotation. This study continues to show positive results for metallurgical processes with the Goliath Project. Recoveries using floatation were on the order of 90-92% as compared with previous testing showing greater than 95% gold recovery for a CIL process. The potential use of a gravity-flotation circuit has been included in the metallurgical alternatives assessment as part of the EIS to compare both economic and environmental factors. The CIL processing method was selected as the preferred alternative for submission in the EIS. Gekko has also completed the initial phase of cyanide detox test work out of their Australia labs. Test work revealed that cyanide destruction is feasible going forward for the CIL circuit and Gekko has initiated the second phase of testing. Nickel and ammonia were not reduced to the specified levels for direct water discharge. Further treatment is therefore required before direct discharge in Blackwater Creek. As part of the EIS, the Company proposes to use reverse osmosis in order to meet regulatory requirements.

### **EXPLORATION**

Since Treasury Metals began drilling Goliath Gold Project in 2008 to present day, a total of 509 diamond drill holes comprised of 475 newly collared holes, 4 wedge holes, and 30 re-entry holes for a total of 157,687 metres have been drilled on the property.

In August 2016, the Company initiated a 5,000 metre program focused primarily on converting underground “Inferred” resource blocks to the “Indicated” category within the main resource area. This program was designed by Treasury Metals and P&E Mining Consultants Inc. (“P&E”) who prepared the 2015 NI 43-101 Mineral Resource Estimate for the Goliath Deposit (Press Release dated August 28, 2015). The drilling program initially targeted high grade blocks (those with grades of >5.0 g/t AuEq) that reside mainly within, adjacent to and down dip of known Main Zone gold-bearing shoots at vertical depths in excess of 400 m from surface to a maximum depth of around 600 m over a strike length of around 950 m along the main gold deposit. Further, C Zone resource conversion drill targets were also identified for testing.

#### **Drill Hole Intersection Highlights**

Drill Hole	Section	Zone		From (m)	To (m)	*Intercept (m)	Au (g/t)	Ag (g/t)
TL16403B	527775E	M1-MSS		541.00	545.00	4.00	3.94**	4.28
			<i>Including</i>	541.00	544.00	3.00	5.15**	4.83
TL16404D	527825E	HW		610.00	612.00	4.54*	35.10	2.00
TL16405	527750E	M2 - MSS		548.00	551.00	3.00	3.59**	1.40
TL16406	527975E	M2 - MSS		555.10	560.00	4.90	5.50**	78.97
TL16407	527725E	B2 Zone		492.62	494.72	2.10	2.13**	8.06
TL16408A	527875E	HW Zone		453.86	457.00	3.14	4.42**	16.41

Drill Hole (continued)	Section	Zone		From (m)	To (m)	*Intercept (m)	Au (g/t)	Ag (g/t)
		M1-MSS		518.00	524.00	6.00	3.66**	2.32
		M2 - MSS		536.00	538.24	2.24	2.06**	34.07
TL16410	527925E	M2-MSS		544.00	551.00	7.00	10.95*	12.44
TL16412B	527325E	M1-MSS		438.00	444.00	6.00	4.45**	7.50
TL16413	528125E	M2-MSS		657.00	668.50	11.50	6.54**	7.04
TL16414A	527350E	M1-MSS		479.00	481.00	2.00	2.39**	10.40
TL16415W1	527325E	M2-MSS		489.30	491.00	2.38*	3.92	1.70
TL16416	527275E	M2-MSS		561.00	564.00	3.00	2.37**	10.77
			<i>Including</i>	561.00	563.00	2.00	3.12**	14.95
TL16417	528150E	M1-MSS		638.00	641.00	3.00	2.26**	104.03
TL16419	527575E	C2-MSS		528.00	532.00	4.00	2.21**	8.92
TL16420	527525E	C1-MSS		545.00	551.00	6.00	2.80*	14.18
			<i>Including</i>	547.00	551.00	4.00	3.79*	19.70

1. The company has not used a Gold Equivalent (AuEq) for the contained silver for this release but would expect the recovery of silver to increase the overall contained AuEq by a small amount in future studies.
2. Holes are generally drilled 350-360°Azimuth with inclinations ranging -55 to -80°.
3. All assays are rounded to two decimal places.
4. \*Intervals do not necessarily indicate true widths.
5. \*\*Metallic Screen Fire Assay Results
6. Full Table of Assays is provided on the Company's website.

Highlights from the initial Phase I drill program include hole TL16413 that intersected 6.54 g/t Au and 7.04 g/t Ag over an intersection length of 11.5 m in a section of the Main Zone containing visible gold confirming the presence of high grade mineralization in this area of the eastern shoot. Hole TL16410 intersected a well mineralized section of the central Main Zone shoot containing significant concentrations of visible gold and returning 10.95 g/t Au and 12.44 g/t Ag over a sample length of 7.0 metres (m). This hole is located 40 m east of the new hole TL16406 that returned 5.50 g/t Au and 78.97 g/t Ag over a sample length of 4.9 m. Hole TL16-403B returned 3.94 g/t Au and 4.28 g/t Ag over a sample length of 4.0 m in association with visible gold also within the Main Zone (M1-MSS). Other highlights include drill hole TL16405 that contained visible gold and returned 13.3 g/t Au and 6.68 g/t Ag over a sample length of 5.15 m (from 582.85 to 588.0 m) in the B1 Zone in an area of the deposit not previously tested providing new resource expansion opportunities in that portion of the deposit.

Drilling has also intersected some significantly high silver values in association with the gold mineralization. The high grade silver intersections include hole TL16417 that assayed the highest silver content of the current program returning 2.26 g/t Au and 104.03 g/t Ag over 3.0 m. TL16406 returned 5.50 g/t Au and 78.97 g/t Ag over a sample length of 4.9 m. This latter hole intersected significant gold and silver mineralization in an area where mineral resources were not previously defined. Hole TL16410 returned 10.95 g/t Au and 12.44 g/t Ag over a longer intersection length of 7.0 m. This hole tested a sparsely drilled section of the central shoot area. Visible gold was also observed in hole TL16408A where a section of the C Zone returned 3.66 g/t Au and 2.32 g/t Ag over a core length of 6.0 m. A hanging wall (HW) zone encountered in the same hole returned 4.42 g/t Au and 16.41 g/t Ag over a sample length of 3.14 m.

Increased sample size and increasing the number of gold fire assays taken on metallic screen fire assayed samples have resulted in significant improvements to a number of the Phase 1 high-grade gold intersections. For example, the intersection length of hole TL16410, which originally assayed 11.55 g/t Au over a sample length of 6.0 metres (Press Release dated Nov. 11, 2016), has now returned 10.95 g/t Au and 12.44 g/t Ag over a longer intersection

length of 7.0 metres. The metallic assaying method also recovered additional gold in the Main Zone intersection of hole TL16403B increasing the gold intercept from 3.55 g/t Au to 5.15 g/t Au and 4.83 g/t Ag over 3.0 metres. The Company has also completed its field exploration and mapping program that was focused on exploring for evidence of surface gold mineralization (1) following the easterly strike extension of the Goliath Gold Deposit for an additional 2.0 km and (2) covering areas where mining infrastructure might be considered as part of a condemnation program. A combination of the geological re-interpretation of both the geology and historical drilling results in concert with the recently completed field mapping program has identified a number of near surface high potential targets for future drill testing. A 39-hole 5,000 metre diamond drilling program was started in January 2017 to test the best exploration targets defined from the newly interpreted longitudinal sections and results of the field mapping investigations. This drilling will test multiple structural targets that have the highest potential to host gold mineralization along strike to the northeast for a distance of 1,500 metres from the proposed open pit.

On August 1, 2017 the Phase II drilling exploration program commenced at Goliath Gold Project. The Phase II program will consist of 15,000 metres of infill drilling in the Main Zone resource area allowing for further resource conversion from inferred to the indicated category, extending the shoots down-dip. These 15,000 metres of infill drilling will be broken into two separate phases as well in order to take into consideration the Company's cash position at the time of the program launch. Phase IIA – 5,000 metres of infill drilling on the Main Zone Central Shoot and Phase IIB – 10,000 metres of infill drilling on the Main Zone Eastern and Western Shoots. In addition, an expansion and exploration program of 15,000 metres will focus on “high priority” step out targets outside of the known Goliath resource area along strike to the northeast to test near surface targets as well as extending down-dip below the current resource in both the Main and C Zone areas. Drill results were announced on March 27, 2018.

Drilling Highlights:

East Area:

- TL18469: **5.04 g/t over 6 meters**
- TL18468: **1.41 g/t over 11.6 meters**

Central Area:

- TL18467A: **6.60 g/t over 4.2 meters**
- TL17422: **4.10 g/t over 5.0 meters** including **18.20 g/t over 1.0 meters** in the C Zone
- TL 17422: **3.67 g/t over 4.0 meters**
- TL18464: **5.77 g/t over 3.0 meters**
- TL17460: **4.80 g/t over 3.0 meters**

*[Table follows on next page]*

**Table 1: Infill Drill Hole Intercepts**

Drill Hole	Target	Zone	From (m)	To (m)	Sample Length (m)	Grade g/t Au	g/t Ag
TL17421A	Main Zone	M1	698.00	703.00	5.00	1.67*	6.82
		<i>Including</i>	701.00	703.00	2.00	2.31*	11.00
		M2	713.00	715.00	2.00	1.77*	4.65
TL17422	C Zone	M1	348.00	352.00	4.00	3.67*	3.58
		<i>Including</i>	348.00	350.00	2.00	6.48*	6.10
		B1 Zone	392.00	395.00	3.00	2.38*	2.26
		<i>Including</i>	392.00	392.90	0.90	7.13*	6.20
		C1	429.00	433.00	4.00	2.44*	20.50
		<i>Including</i>	431.00	433.00	2.00	4.58*	40.25
		C2	457.00	462.00	5.00	4.10*	26.46
TL17460	Main Zone	<i>Including</i>	459.00	460.00	1.00	18.20*	119.00
		HW	575.40	578.00	2.60	2.14*	14.50
		M1	634.00	646.00	12.00	1.99*	3.63
		<i>including</i>	643.00	646.00	3.00	4.80*	8.83
		M2	663.00	667.00	4.00	1.89*	38.60
TL17461	Main Zone	<i>including</i>	664.00	665.00	1.00	6.47*	80.10
		M1	595.00	602.00	7.00	1.78*	16.40
		<i>including</i>	599.00	600.00	1.00	5.41*	42.50
		M2	613.00	615.00	2.00	2.24	4.90
TL17462	Main Zone	M1	631.00	637.00	6.00	1.81*	7.10
		<i>including</i>	633.00	637.00	4.00	2.35*	9.90
		M2	663.00	664.50	1.50	1.23	8.87
TL17463	Main Zone	M1	583.00	585.00	2.00	1.09	3.85
TL18464	Main Zone	M1	626.00	629.00	3.00	5.77*	P
		<i>including</i>	626.00	627.00	1.00	9.71*	P
		M2	645.00	648.00	3.00	1.16*	P
TL18465	Main Zone				Hole Abandoned		
TL18466	Main Zone	M1	514.00	519.00	5.00	2.61*	P
		<i>including</i>	518.00	519.00	1.00	10.10*	P
TL18467A	Main Zone	M1	531.60	533.60	2.00	1.26	P
		M2	538.50	542.70	4.20	6.60	P
		<i>including</i>	539.50	540.00	0.50	43.10	P
TL18468	Main Zone	Main	506.40	518.00	11.60	1.41*	P
		<i>including</i>	508.50	511.20	2.70	2.59*	P
TL18469	Main Zone	Main	558.00	564.00	6.00	5.04	P
		<i>Including</i>	559.00	560.00	1.00	23.40	P

1. For duplicate samples, an average of the two gold assays is used to calculate the intersection grade; all grades un-cut, no-capping.

2. Holes are generally drilled 350-0° Azimuth with inclinations ranging -65 to -80°.

3. All assays are rounded to two decimal places.

4. Intervals do not indicate true widths.

5. \*Metallic Screen Fire Assay Results

6. P – Assay results pending

7. Full Table of Assays will be provided on the company's website

On October 2, 2017, the Company announced results from its recently completed 4,360 metre condemnation and exploration drilling program at the Company's flagship Goliath Gold Project. The condemnation program drilled several areas where future mining infrastructure will be situated, including milling and mining operations, and is encouraged by a number of new near surface intersections northeast of the proposed open pit. Gold mineralization was intersected in several drill holes approximately 80 to 350 metres from the proposed open pit. Due to the proximity to the proposed open pit, these and future drilling results, may lead to an eastern expansion of the pit

and/or underground operations (“East Resource Target”). There were a number of near surface highlights within the C Zone, located approximately 20-60 metres behind the Main Zone.

*East Resource Target Intercepts:*

Drill Hole	Section		From (m)	To (m)	*Intercept (m)	Au (g/t)	Ag (g/t)	Comments
TL17423	528600E		30.00	33.40	3.40	0.72**	2.29	C Zone
TL17425	528650E		57.40	61.30	3.90	0.66**	3.29	C Zone
TL17445	528475E		43.17	49.00	5.83	2.26**	3.89	C1 Zone
		Including	47.00	48.00	1.00	9.92**	3.60	Visible Gold
			57.20	59.00	1.80	2.56**	5.38	C2 Zone
			68.00	70.00	2.00	16.79**	1.90	D Zone
		Including	69.00	70.00	1.00	33.30**	2.10	
TL17455	528675E		63.00	68.00	5.00	0.79	2.02	Main Zone
		Including	66.00	68.00	2.00	1.50	3.45	
TL17456	528700E		132.00	139.00	7.00	0.94	5.81	Main Zone
		Including	137.00	139.00	2.00	2.11	6.60	
TL17457	528550E		58.00	60.00	2.00	3.21**	1.95	Main Zone
		Including	59.00	60.00	1.00	6.09**	2.10	
TL17458	528525E		100.00	108.00	8.00	0.71	2.83	C Zone
		Including	102.00	104.00	2.00	1.71	5.20	
TL17459	528450E		32.00	34.00	2.00	0.82	2.60	Main Zone
			102.00	106.00	4.00	0.84	4.38	C1 Zone
			122.00	127.60	5.60	2.84**	4.96	C2 Zone
		Including	122.00	123.00	1.00	13.80**	19.90	

1. Notes: The Company has not used a Gold Equivalent (AuEq) for the contained silver for this release but would expect the recovery of silver to increase the overall contained AuEq by a small amount in future studies.

2. For duplicate samples, an average of the two gold assays is used to calculate the intersection grade; all grades un-cut, no-capping.

3. Holes are generally drilled 320-330° Azimuth with inclinations ranging -45 to -60°.

4. All assays are rounded to two decimal places.

5. \*Intervals do not indicate true widths

6. \*\*Metallic Screen Fire Assay Results

7. Full Table of Assays is provided on the company’s website

Other encouraging results from the condemnation program are drill holes, approximately 1.5 km northeast of the proposed open pit and directly east of the tailing storage facility. TL17-439 intersected 1.08 g/t over 2.30 m and 0.49 g/t over 6.80 m, TL17-442 intersected 1.65 g/t over 3.00 m, and TL17-443 intersected 0.79 g/t over 3.18 m and 0.76 g/t over 4.00 m. These holes occurred over a strike length of approximately 100 metres with minimal past drilling. The previous drilling in the 2011 program found several envelopes of gold mineralization including TL11-225 which intersected 1.29 g/t over 3.65 m, and historical Teck hole TL271 encountered 17.36 g/t over 1.60 m and 1.20 g/t over 3.00 m. Additional drilling in future programs will help delineate this mineralization and develop its potential.

As anticipated, a number of the condemnation results, where planned mine infrastructure will go, did not identify significant gold mineralization. These included holes TL17-431, TL-17432, TL17-433A and TL17-446 through TL17-454, all of which are situated within the proposed tailings storage facility.

*Infill Sampling Program:*

This program is designed to assay previously drilled but un-sampled drill core in all zones, prioritizing intervals within and near the proposed open pit. Core samples were assayed from 141 drill holes. The goal of the program is to: first, potentially increase gold ounces in the next resource estimate expected in first half of 2018; second, extend existing gold mineralization; and, third, uncover potential new zones.

The program is reporting a number of significant intersections including:

- TL10-96 intersecting 11.37 g/t over an intersection length of 4.20 m including 34.80 g/t over 1.30 m within the D Zone.
- TL10-108 intersecting 31.38 g/t over 3.00 m including 93.40 g/t over 1.0 m in a HW Zone
- TL11-171 intersecting 4.97 g/t over 4.43 m including 18.20 g/t over 1.00 m in the B Zone
- TL11-209A intersecting 8.61 g/t over 4.00 m including 29.80 g/t over 1.00 m in a HW Zone.

The next steps for the program will be to re-visit the portions of the geological model wherein these new results are located to better understand their impact and develop a follow-up program which may include additional infill core sampling and new drill holes.

*Infill Sampling Program Intercepts:*

Drill Hole	Section		From (m)	To (m)	*Intercept (m)	Au (g/t)	Ag (g/t)	Comments
TL0849	527600E		100.00	104.00	3.00	1.61**	15.97	E Zone
TL1096	527250E		206.80	211.00	4.20	11.37**	P	D Zone
		Including	208.00	209.30	1.30	34.80**	P	
TL10108	527475E		250.00	253.00	3.00	31.38**	21.63	HW Zone
		Including	252.00	253.00	1.00	93.40**	64.10	
TL11145	528500E		49.50	52.00	2.50	1.36**	9.90	BMS HW
TL11167	527275E		134.30	137.00	2.70	4.52**	5.18	
		Including	134.30	135.00	0.70	15.90**	11.70	HW Zone
TL11171	527225E		279.57	284.00	4.43	4.97**	1.16	B Zone
		Including	283.00	284.00	1.00	18.20**	0.70	
TL11209A	527075E		43.00	47.00	4.00	8.61**	0.99	HW Zone
		Including	44.00	45.00	1.00	29.80**	2.20	
TL12287	527275E		292.00	294.00	2.00	4.12**	2.09	HW Zone
		Including	292.70	294.00	1.30	6.07**	2.40	
TL13306	527850E		86.00	90.00	4.00	1.12**	1.65	C Zone
TL15387	527550E		143.00	145.00	2.00	3.70**	5.38	HW Zone
TL164-12RE	527625E		417.00	419.30	2.25	3.01**	N/A	B Zone

1. The company has not used a Gold Equivalent (AuEq) for the contained silver for this release but would expect the recovery of silver to increase the overall contained AuEq by a small amount in future studies.
2. For duplicate samples, an average of the two gold assays are used to calculate the intersection grade; all grades un-cut, no-capping.
3. Holes are generally drilled 320-330° Azimuth with inclinations ranging -45 to -60°.
4. All assays are rounded to two decimal places.
5. \*Intervals do not indicate true widths.
6. \*\*Metallic Screen Fire Assay Results
7. P – Assays Pending
8. Full Table of Assays is provided on the company's website

**Goliath Gold Project latest eight quarters of exploration and development program expenditures**

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	31-Mar-18
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	206,336	-	-	-	-	206,336
Environmental	1,145,138	-	5,858	-	-	1,150,996
Environmental Assessment	2,202,424	321,138	287,151	202,294	302,160	3,315,167
Pre-Feasibility & Feasibility	868,075	127,924	69,477	64,745	443,342	1,573,562
Drilling and other exploration exp.	18,834,613	162,037	655,959	211,809	684,589	20,549,006
Community Relations	200,491	515	6,657	11,690	62,633	281,987
Property purchases and payments	28,269,765	-	-	-	104,348	28,374,113
Dryden - salaries and consultants	6,631,951	234,858	6,828	39,981	121,402	7,035,020
Dryden Infrastructure	2,696,566	58,651	44,891	45,895	49,617	2,895,620
Amortization	356,561	10,893	10,893	11,792	10,797	400,936
Black Scholes on options compensation	985,512	-	65,019	19,322	16,452	1,086,305
<b>Total Goliath Gold Project</b>	<b>62,896,937</b>	<b>916,016</b>	<b>1,152,732</b>	<b>607,528</b>	<b>1,795,339</b>	<b>67,368,552</b>

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-17	31-Mar-17
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	233,771	-	27,435	-	-	206,336
Environmental	1,145,138	-	-	-	-	1,145,138
Environmental Assessment	1,382,254	35,818	41,355	238,659	504,338	2,202,424
Feasibility	608,324	17,839	6,388	62,824	172,700	868,075
Drilling and other exploration exp.	7,024,886	743	231,649	998,804	578,531	18,834,613
Community Relations	180,214	-	-	14,278	5,999	200,491
Property purchases and payments	27,694,281	-	-	-	575,484	28,269,765
Dryden - salaries and consultants	5,768,188	124,196	142,191	359,991	237,385	6,631,951
Dryden Infrastructure	2,377,806	15,628	72,698	135,152	95,281	2,696,566
Amortization	314,182	8,013	11,127	12,346	10,893	356,561
Black Scholes on options compensation	750,823	7,003	220,018	1,719	5,949	985,512
<b>Total Goliath Gold Project</b>	<b>57,979,371</b>	<b>209,241</b>	<b>697,992</b>	<b>1,823,773</b>	<b>2,186,560</b>	<b>62,896,937</b>

### LARA POLYMETALLIC PROJECT

The Company inherited the Lara Project in early 2008, as part of the spin-out transaction from Laramide Resources Ltd. The Company, as a gold focused exploration and development company, does not consider this project to be a high priority in terms of its overall corporate strategy. Due to current market conditions, only minimal geological fieldwork has been done on the property. The Company would consider seeking a purchaser or joint venture partner for this non-core project.

#### Lara Project latest eight quarters of exploration program expenditures

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	31-Dec-17
Consultants	129,117	-	-	-	-	129,117
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	518,973	-	190,205	-	-	709,178
<b>Total Lara Polymetallic Project - BC</b>	<b>666,124</b>	<b>-</b>	<b>190,205</b>	<b>-</b>	<b>-</b>	<b>856,329</b>

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-17	31-Mar-17
Consultants	124,917	-	4,200	-	-	129,117
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	362,954	-	156,019	-	-	518,973
<b>Total Lara Polymetallic Project - BC</b>	<b>505,905</b>	<b>-</b>	<b>160,219</b>	<b>-</b>	<b>-</b>	<b>666,124</b>

### GOLDEYE EXPLORATIONS LIMITED

On November 24, 2016, the Company closed the acquisition of all of the issued and outstanding common shares of Goldeye Explorations Limited (“Goldeye”) a public company that holds the Weebigee Project. The details of the acquisition are disclosed in Note 9 of the interim condensed interim condensed consolidated financial statements. The principal project of Goldeye is the Weebigee Project; Goldeye also has various NSR interests shown below.

#### **Weebigee Project**

The Weebigee Project is located near Sandy Lake, north of Red Lake in northwestern Ontario. The Company holds a 100% interest in the property, which comprises 225 claims. Certain claims are subject to a 1% net smelter return (“NSR”) that is held by a former director of the Goldeye. On November 12, 2013, Goldeye

entered into an exploration agreement with Sandy Lake First Nations (“SLFN”) with respect to the Company’s exploration of the Weebigee Project. This exploration agreement was renewed for a two-year period on the same terms commencing on November 12, 2014. This agreement was renewed on the same terms for a further two-year period. All claims are in good standing until 2017 or later.

On April 15, 2015, Goldeye entered into an option agreement (the “GPM Option Agreement”) with GPM Metals Inc. (“GPM”) whereby GPM has an option to earn a 50.1% interest in the Weebigee Project by paying a total of \$550,000 in cash (\$50,000, \$100,000 and \$150,000 received in 2015, 2016 and 2017, respectively) and \$25,000 in shares (issued in 2015) to Goldeye over a period of four years. GPM must also complete a minimum of \$5,000,000 in exploration expenditures over a four-year term. In addition, if the first option is exercised, GPM will have the option to earn an additional 19.9% interest by either funding a bankable feasibility study, or at GPM’s option, paying Goldeye an additional \$1,500,000 in cash and completing a minimum additional \$3,000,000 in exploration expenditures over the next two years. This option agreement is subject to the terms of the exploration agreement signed between Goldeye and GPM on November 12, 2013.

Subsequent to the GPM Option Agreement, GPM with support and assistance from Goldeye, staked additional claim units (the “Additional Interest”) at Weebigee. On September 3, 2015, Goldeye elected, pursuant to the GPM Option Agreement to have the Additional Interest included as part of the Weebigee property. In April 2016, the Company received \$100,000 pursuant to the option agreement with GPM. Goldeye tendered to GPM the amount required to pay for its share of the costs of the Additional Interest but GPM refused to accept the payment on the purported ground that Goldeye had forfeited its rights to the Additional Interest due to untimely payment of such amount. In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc.

In September 2016, the Company served Sandy Lake with a notice of arbitration claiming that the force majeure declared by Sandy Lake was not valid; that Sandy Lake had not properly met the contracted spending requirements; and, that the Company had properly met its obligations for acquiring 50% of the Additional Interest which Sandy Lake had staked on contiguous property to Weebigee. The Company commenced an arbitration against Sandy Lake Gold Inc. (“SLG”) asserting, among other things, that Goldeye had made a proper election respecting additional staked mining claims pursuant to the terms of the Option Agreement. Goldeye contested SLG’s declaration of an Event of Force Majeure on July 27, 2016 including how that impacted the deadline for SLG’s year 2 expenditures. Goldeye also asserted that many of SLG’s claimed expenditures for year 1 were not eligible as exploration expenditures under the Option Agreement. An arbitral panel was appointed. By decision dated September 14, 2017, the panel determined that an Event of Force Majeure existed from July 27, 2016 until June 7, 2017. SLG brought a subsequent motion respecting the deadline for its year 2 spending requirements. The panel found in favour of SLG determining that SLG has until June 28, 2018 to make the required expenditures in order to keep the option alive.

The remaining issues in dispute were the subject matter of a hearing in February 2018. A decision has not yet been released. During the course of the above-described arbitration, SLG brought a counterclaim against Goldeye for \$2,000,000 plus pre-judgment and post-judgment interest and costs on a full indemnity basis for

breach of contract, including breach of certain representations, warranties, and covenants. No further steps have been taken by SLG to advance the counterclaim so full discovery has not yet taken place. The Company disagrees with the premises of claim and will counterclaim if necessary.

Weebigee is a large, relatively unexplored property which covers the most prospective portions of the Sandy Lake Greenstone belt, with similarities to the geology in the Red Lake District. In the Northwest Arm area, numerous gold showings occur within shoreline exposures of quartz-rich felsic pyroclastic units, proximal to a major deformation zone that crosses a folded ultramafic unit under the lake.

Where high strain zones are evident, the felsic units show hydrothermal biotite-silica alteration, quartz veining and patchy to pervasive silica flooding, along with the development of distinct blue quartz eyes. It should be noted that much of the geology is obscured by shallow lakes and clay deposits, and the main deformation zones have never been drill tested. In the past, shoreline mapping/prospecting located a number of auriferous quartz tourmaline veins and silicified zones controlled by mafic-ultramafic dyke filled splays or high strain zones crosscutting regional foliations.

Crack and seal textures, drag folded and dismembered veins, multi-stage quartz veining and local strong silica replacement zones indicate that hydrothermal alteration occurred during periods of active brittle-ductile deformation along the high strain zones. Geophysics and recent drilling indicates that a folded ultramafic horizon is located just offshore of several of these auriferous high strain zones.

Previous drilling (1988 and earlier) was limited to short holes targeting quartz tourmaline veins on the Bernadette, Wavano and Tully showings. Drilling indicated that the vein hosted gold mineralization persisted to depth, but was generally narrow where intersected (gold intercepts of 7.5 g/t over 0.8 metres, 27 g/t over 0.1 metres and 25.9 g/t over 0.1 metres). Wider zones of auriferous silicification and biotite alteration had seen limited chip sampling (eg. Knoll zone); at Knoll, two historic chip samples had been taken along a sample line across the zone, returning gold values of 19.3 and 8.2 g/t over a total composite length of 5.5 metres.

This area was the focus of the 2013 channel sampling and mapping programs, which confirmed the high grade nature of the showing (individual 0.3 m channels assayed 20.9, 22.0 and 34.1 g/t) as well as much more widespread highly anomalous gold mineralization (27 gold channel sample assays greater than 1 g/t). Several 2 to 5 metre wide areas of the Knoll zone show complete silica-biotite replacement of the quartz crystal tuff units, indicating a widespread, long-lived structural and hydrothermal event.

A 23-hole drill program completed during February and March 2014, resulted in a significant high-grade gold discovery at Weebigee. Drilling focused on three showing areas (Knoll, Bernadette, and RvG4) that returned significant gold values from channel sampling in 2013.

The following table highlights the gold grades over core interval composites (uncut) from this 2014 drill program:

Zone	Hole	Depth (M)	Interval (M)	Assay(g/t Au)
Knoll	Bk 14-07	51.8 - 55.70	3.90	18.69
Knoll	BK 14-05	14.65 - 18.15	3.50	12.45
Knoll	BK 14-16	78.33 - 85.16	6.83	8.59
Knoll	BK 14-11	22.10 - 27.57	5.47	6.71
Knoll	BK 14-12	20.70 - 27.73	7.03	6.76
Bernadette	BK 14-03	34.15 - 35.30	1.15	70.23
Bernadette	BK 14-23	7.85 - 11.70	3.85	10.89
RvG4	BK 14-18	43.56 - 47.53	3.97	23.15
RvG4	BK 14-17	48.68 - 53.19	4.51	9.35

Each of the 15 drill holes at the Knoll Zone intersected significant gold mineralization. Twenty-four core samples assayed over 10 g/t Au, including 1 intersection of 57.9 g/t Au. On the parallel Bernadette Zone, 100 m to the east, 5 individual assays over 10 g/t Au were returned, including one of 131 g/t and one of 230 g/t Au. The RvG4 Zone, on strike and 500 m to the northwest, also returned high-grade gold values with 8 core samples over 10 g/t Au, 5 of which were over 30 g/t Au. Overall, visible gold was noted in 50% of the holes drilled. At Knoll a strike length of 100 metres was tested, with only one hole stepped back to test a vertical depth of 100 metres. All zones remain open in all directions.

In the summer of 2015 a Prospecting and Airborne Survey was completed consisting of 1274.5 km of horizontal gradiometer and VTEM data collected over two blocks, B and F, on the western part of the Sandy Lake greenstone belt. Line separation was 200 metres with a mean sensor altitude of 45 metres. Third party consultants interpreting the data reported that the EM and magnetic configurations of the system were well suited for the geological environment at Sandy Lake and that data was of good quality.

On May 7, 2016, Goldeye received an exploration permit from Ontario's Ministry of Northern Development and Mines ("MNDM"). The permit was valid through May 6, 2016. On August 10, 2016, MNDM issued a new permit valid through August 9, 2019. The permit can be renewed for an additional three-year period.

The other areas of interest on the Weebigee project include Sandborn Bay, which hosts numerous Cu-Zn showings, some with highly elevated silver values in cherty and cordierite-rich horizons. The Canoxy area and Tully and Tully West showings host gold mineralization related to sulphide and sulphidized iron formation.

### **Gold Rock Project, Kenora Mining Division, Ontario**

The Company's 100% owned Gold Rock Project is located near Dryden, Ontario and comprises two properties, the Gold Rock property, consisting of 20 claims and the Thunder Cloud property consisting of 1 claim. All claims at the Gold Rock Project are in good standing until 2018 or later, with the exception of the claim at Thunder Cloud property, which is in good standing until late 2017.

### West Shining Tree Project – Larder Lake Mining Division, Ontario

The West Shining Tree Project consists of 53 claims in Fawcett, Leonard, MacMurchy and Tyrell townships, near Timmins in northeastern Ontario. Fifty-two of the claims are 100% owned by Goldeye and one claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing until 2017 or later. The property is subject to net smelter returns ranging from 2% to 3% on certain claims in this area.

On August 6, 2014, Goldeye received \$30,000 from Creso Resources Inc. (“Creso”) as settlement towards the dispute relating to Creso’s termination of an option agreement on February 1, 2012. The option agreement was originally entered into in January 2010 whereby the Company optioned up to 75% of 23 claims in Tyrell Township in the Shining Tree Project to Creso.

### Other Goldeye interests

The Company has also the following NSR interests which were held by Goldeye: Sonia-Puma NSR – Region V, Chile; McFaulds Lake NSR – Thunder Bay Mining Division, Ontario; and, MacMurchy Township NSR – Larder Lake Mining Division, Ontario.

### SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data for Treasury Metals for each of the last eight quarters. The information set forth below should be read in conjunction with the December 31, 2017 interim condensed consolidated financial statements and the related notes thereto, prepared by management in accordance with International Financial Reporting Standards. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

	Q1 Mar-18	Q4 Dec-17	Q3 Sep-17	Q2 Jun-17	Q1 Mar-17	Q4 Dec-16	Q3 Sep-16	Q2 Jun-16
	\$	\$	\$	\$	\$	\$	\$	\$
Other income	699	-	375	-	51,858	(953)	1,246	2,288
Loss on sale of investments	-	-	-	-	-	-	-	-
Expenses	1,279,765	984,624	1,193,830	1,545,281	991,277	1,241,922	1,142,986	1,181,447
Investments write-off	-	65,018	-	-	-	-	-	-
Loss on debt extinguishment	-	1,311,635	-	-	-	-	-	-
Loss (gain) on fair value change of derivative liability	(123,195)	(1,247,543)	(39,491)	(289,260)	487,533	(44,487)		
Income tax expense (recovery)	(280,035)	(1,146,129)	-	-	(553,671)	(1,052,936)	-	-
Net loss	(876,535)	32,395	(1,153,964)	(1,256,021)	(873,281)	(145,452)	(1,141,740)	(1,179,159)
Net loss per share (basic and diluted)\$	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Other comprehensive income (loss)	105,795	179,872	(146,665)	(143,175)	105,795	(109,736)	87,619	22,644
Total comprehensive loss	(770,740)	212,267	(1,300,629)	(1,399,196)	(767,486)	(255,188)	(1,054,121)	(1,156,515)
Mineral properties and deferred costs	72,115,581	70,290,674	69,680,819	68,551,003	67,567,403	65,366,680	59,552,728	58,694,517
Total current liabilities	2,531,538	3,002,512	3,447,936	3,345,656	10,250,349	9,213,979	5,573,621	830,746

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances while there is also \$1,311,635 in Q4 2017 of loss on the Extract/Loinette debt amendment which was treated as a debt extinguishment for accounting purposes; also in Q4 2016, there is a \$390,872 gain on the RMB debt settlement. Starting in Q4 2016 there are gains or losses due to the fair value variances of the derivative liabilities. In Q2 2016, the amortization of transaction costs and accretion of the convertible debt from Extract/Loinette commenced. The amortization of transaction costs ended in Q4 2017 when the debt extinguishment was recorded. Also, in the second quarter of 2016, a payment of \$258,000 was made to the former CEO as severance. In Q1 2018, and Q2 2017 there is \$446,612 and \$486,032, respectively, of expenses regarding the legal issues of Goldeye Explorations Ltd. The quarterly variations in the other comprehensive income (loss) result from the quarter end adjustment to market value of the shares of Goldgroup Mining Inc. and Zinc One Resources Inc. (formerly Forrester Metals Inc., which was formerly named Vena Resources Inc.). The fluctuation in total assets from one quarter to the next is primarily a function of cash increases through the financing transactions, issuance of shares, the exercise of warrants and options, the valuation at fair market value of the long-term investments, and the use of cash for operating expenses.

## FINANCIAL RESULTS OF OPERATIONS

*Three months ended March 31, 2018 compared with three months ended March 31, 2017*

The net loss for the three-month period ended March 31, 2018 was \$875,936 (Q1 2017 – loss of \$873,281). The variance is explained as follows:

- In Q1 2018, office and administrative expenses were \$31,483 lower than Q1 2017, mainly due to a \$45,938 agreed reduction of the management fees of Goldeye, partially offset by higher investor relations expenses regarding business promotions consultant.
- Professional fees expense in Q1 2018 are \$462,641 higher than Q1 2017 mainly due to higher fees regarding the legal issues of Goldeye, in addition to \$13,520 of fees paid to tax consultants for the CRA observations on the flow-through filing made by the Company.
- In Q1 2018, \$190,808 salary and benefits expense is slightly higher than the \$189,089 expenses in Q1 2017.
- In Q1 2018, there is \$34,098 of stock-based compensation expense against \$43,601 in Q1 2017 due to the lower balance of unvested options in Q1 2018.
- In Q1 2018, the accretion and amortization of transaction costs on financing debt is \$372,660 lower than Q1 2017 because in the current period there is only accretion but no amortization of transaction costs due to the zero balance of unamortized transaction costs at the end of the year 2017.
- Interest in Q1 2018 is \$13,052 lower than Q1 2017 due to the decrease of the interest rate as per the debt amendment agreed with Extract/Loinette in Q2 2017.
- There is a \$138,402 foreign exchange loss in Q1 2018 versus a \$112,784 gain in Q1 2017 mainly due to the effect on the USD convertible debt of the 2.8% Canadian dollar devaluation against the US dollar in Q1 2018 versus a 0.9% revaluation in Q1 2017.
- In Q1 2018, there is a \$123,195 unrealized gain from the change of the fair value of the derivative liabilities compared to a \$487,533 loss in Q1 2017. The derivative liability is a result of the conversion feature of the US dollar denominated Extract/Loinette convertible debt and in 2017 only the Tranche 2 was convertible debt; the Tranche 1 debt became convertible in the second quarter of 2017.

- In Q1 2017 there was \$51,498 of realized gain on the converted warrants of Zinc One (Formerly Forrester Metals), there was no such gain in the current period.
- The deferred tax in Q1 2018 has a favourable effect of \$280,035 as a result of the renunciation filing regarding the flow-through shares issued in December 2017. In Q1 2017 such effect was a gain of \$553,671.

## FINANCINGS

The financing transactions executed in the reported period are as follows:

On December 21, 2017, the Company closed a private placement issuing up to 6,350,000 flow-through common shares of the Company at a price of \$0.67 per flow-through share, for aggregate gross proceeds of \$4.25 million. The flow-through shares are subject to a four-month hold period. The Company paid cash finder's fees of \$255,270 and \$70,435 of other issue costs.

On May 15, 2017, the Company closed the \$8,060,000 financing which had been announced on April 20, 2017. The Offering was conducted through Haywood Securities Inc. and PI Financial Corp., on behalf of a syndicate of agents. The Offering consisted of a maximum of 12,400,000 Units at a price of \$0.65 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each warrant exercisable into one common share of the Company at a price of \$0.95 for a period of 24 months from the closing date.

On March 13, 2017, a short-term loan of US\$400,000 was received from a related party. This loan is unsecured, bears an annual interest of 12% and due on May 31, 2017; this loan was repaid on maturity.

## LIQUIDITY

As at March 31, 2018, the Company had working capital of \$1,051,877, excluding the non-cash unrenounced flow-through share premium liability and the derivative liability (December 31, 2017 – \$3,852,070). As disclosed in the Financings section of this report, on May 15 and December 21, 2017, the Company closed financings of \$8,060,000 and \$4,254,500 respectively. Details of the sources and uses of funds for the period ended March 31, 2018 are presented in the interim condensed statement of cash flows contained in the Company's interim condensed consolidated financial statements for the period ended March 31, 2018.

Regarding the Extract/Loinette loan or Tranches 1 and 2 of the loan, on June 7, 2017, an extension agreement was closed extending the maturity of the loan to April 2, 2019, from September 20, 2017. Pursuant to the terms of the extension, US\$2.2 million (CAD\$2.8 million) of the Tranche 1 loan is convertible, at the election of the lenders, into common shares of the Company at a conversion price fixed at CAD\$0.90 per Common Share. The Tranche 2 principal amount of US\$2.2 million (CAD\$2.8 million) of the term loan continue to be convertible into common shares at a price equal to CAD\$0.588 per common share and will have no further amendments. Pursuant to the terms of the Loan Extension, the applicable interest rate in respect of Tranche 2 has been reduced to LIBOR plus 6.5% from 8.5%.

As at March 31, 2018 and at the date of this report,

- The cash resources of the Company are held in cash with major Canadian financial institutions;
- Accounts receivable and prepaid expenses are comprised mainly of advances to contractors, sales tax receivables from the Government of Canada and receivables from related parties. Accounts receivable and prepaid expenses have increased mainly due to the HST receivable regarding our payments to contractors as a result of higher exploration activities in the current year, partially offset by the collection from shareholders related to the final tranche of the December 2016 private placement.
- Investments in marketable securities as at March 31, 2018 consist of 552,036 shares of Zinc One Resources Inc. which the Company holds as a result of the exchange of 3,036,200 shares of Forrester Metals Inc., 377,775 shares of Goldgroup Mining Inc., and 217,778 shares of Millrock Resources Inc., all of which have a current market value of \$302,949. The Company may sell its investments to access funds to settle its obligations as they arise;
- The Company's debt to Extract/Loinette is US\$4.4 million at March 31, 2018, which consists of the CAD\$5.6 million loan received offset by the unaccreted costs of \$0.7 million. There is also a \$66,226 mortgage balance for which the Company must make annual payments of approximately \$23,000, until the year 2020. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and options, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company relies on external financing to generate sufficient operating capital. Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and as such, alternative funding programs are also being pursued by the Company. The Company's management believes it will be able to raise any required funds in the short term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

The Company's success depends on the successful development of the Goliath Gold Project and corresponding permitting and Feasibility Study. Based upon its current operating and financial plans, management of the Company believes that it will have sufficient access to financial resources (debt and equity) to fund the Company's planned operations and development of the Goliath Gold Project.

### **LOAN EXTENSION AND RESTRUCTURING**

On June 7, 2017, the Company closed a loan extension agreement in connection with the Company's existing US\$4.4 million (CAD\$5.6 million) term loan which is comprised of two tranches with the Lenders. The loan extension amended, among other terms, the maturity date of the Term Loan, extending it to April 2, 2019, from September 20, 2017.

Pursuant to the terms of the loan extension, US\$2.2 million (CAD\$2.8 million) of the loan is now convertible at the election of the Lenders into common shares in the capital of the Company at a conversion price fixed at

CAD\$0.90 per common share, representing approximately a 37.5% premium to the closing price of the common shares on May 5, 2017 prior to entering into the binding term sheet (“Tranche 1”). The remaining principal amount of US\$2.2 million (CAD\$2.8 million) of the loan remains unchanged and continues to be convertible into common shares at a price equal to CAD\$0.588 per common share and will have no further amendments (“Tranche 2”).

Pursuant to the terms of the Loan Extension, the applicable interest rate in respect of Tranche 1 has been reduced to LIBOR (minimum 200 basis points) plus 6.5% from 9%.

As consideration to the Lenders for entering into the Loan Extension, the Company paid the Lenders the following (a) an extension fee of US\$88,000 in consideration for an extension to the maturity date, (b) US\$14,000 in connection with the reduction to the applicable interest rate; and (c) issue to the Lenders an aggregate of 1 million common share purchase warrants, entitling the lenders to purchase common shares as set out below:

- Issuance of 300,000 warrants for a period of 3 years, to purchase a Common Share at an exercise price of CAD\$0.75 per Common Share or 20% above the value weighted average price of the shares for the 20 immediately preceding days for a period of 3 years from issuance;
- Issuance of 400,000 warrants for a period of 3 years, to purchase a Common Share at an exercise price of CAD\$0.85 per Share or 35% above the value weighted average price of the shares for the 20 immediately preceding days for a period of 3 years from issuance; and
- Issuance of 300,000 warrants for a period of 18 months, to purchase a Common Share at an exercise price of CAD\$0.77 per Share (only for tranche 2).

#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The following table sets forth information concerning the outstanding securities of the Company at the date of this report:

<b>Common Shares of no par value</b>	<b>Number</b>
Shares	123,061,498
Warrants	16,618,770
Options	6,300,933

See Notes 11 to 13 to the March 31, 2018 interim condensed consolidated financial statements for more detailed disclosure of outstanding share data.

#### **OFF-BALANCE SHEET TRANSACTIONS**

During the period ended March 31, 2018, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

## CONTINGENCIES AND COMMITMENT

The Company has made the following commitments as of the date of this MD&A:

- Certain underlying royalties and payment obligations of \$103,500 per year remain on 14 of the 19 patented land parcels.
- The Company is committed to spend \$4,254,500 on Canadian exploration expenses (“CEE”) as part of its flow-through funding agreement dated December 21, 2017, and as at March 31, 2018 has spent \$867,903. All flow-through spending commitments from previous flow-through financings have been fulfilled
- Following an audit commenced by the Canada Revenue Agency (the “CRA”) in December 2016 of the flow-through expenditures incurred by the Company pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013, on March 7, 2018 the Company was advised by the CRA that out of the total of \$12.5 million the Company raised through the flow-through share financings and renounced to subscribers, that the CRA had reclassified approximately \$1.8 million of CEE to operating expenses and a further approximately \$ 2.2 million of CEE to Canadian Development Expenses. In addition, pursuant to the Audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of \$477,726 in connection with the shortfall from the disallowed CEE.

The Company disputes the CRA’s proposed re-characterizations of expenses from CEE to either CDE or operating expenses and consequently intends to object to such CRA determinations.

Due to the uncertainty of the final outcome, no liability has been recorded in the interim condensed consolidated financial statements.

## RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company’s officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other exploration related services to Treasury Metals.

At March 31, 2018, there is \$13,367 of accounts payable (December 31, 2017 – \$9,209) to/from Laramide Resources Ltd., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with Treasury Metals. The details of the transactions with Laramide are, as follows:

<b>Three months ended March 31</b>	2018	2017
Office rent paid by Laramide	\$31,888	\$31,855
Shared expenses paid by Laramide on behalf of the Company	10,747	\$9,861
Shared expenses paid by the Company on behalf of Laramide	(\$3,953)	(\$8,797)
<b>Net Total</b>	<b>\$ 38,681</b>	<b>\$32,919</b>



Transactions with related parties were conducted in the normal course of operations and are measured at the exchange amounts.

### **DIVIDENDS**

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

### **FINANCIAL INSTRUMENTS**

The current bank accounts, accounts receivable and accounts payable are non-interest bearing. The majority of cash and cash equivalents are held in short-term investments bearing interest up to 0.8%.

The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash, which it receives from interest and royalty payments, its investment portfolio and any financing transactions entered into by the Company. These sources of revenue are subject to various risks, including production risks with respect to the royalty payments and market risks with respect to the investment portfolio. The investment portfolio is managed by the Company.

### **RISKS AND UNCERTAINTIES**

The Company's Risks and Uncertainties are disclosed in Treasury Metals Inc.'s Annual Information Form dated April 2, 2018, which is filed on SEDAR and is herein incorporated by reference. Risks are reviewed and updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis. There have been no new risks identified to the date of this MD&A.

### **OTHER INFORMATION**

This discussion and analysis of the financial position and results of operation as at March 31, 2018 should be read in conjunction with the interim condensed consolidated financial statements for the periods ended March 31, 2018 and 2017. Additional information can be accessed at the Company's website [www.treasuremetals.com](http://www.treasuremetals.com) or through the Company's public filings at [www.sedar.com](http://www.sedar.com).

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of March 31, 2018 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

### **MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for certifying the design of the Company’s internal control over financial reporting (“ICFR”) as required by Multilateral Instrument 52-109 – “Certification of Disclosure in Issuers’ Annual and Interim Filings” and CSA staff notice 52-316 – “Certification of Design of Internal Control over Financial Reporting”.

Our Internal Control over Financial Reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal Control over Financial Reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Financial Officer, has evaluated the design of the Company’s internal controls over financial reporting as of March 31, 2018 pursuant to the requirements of Multilateral Instrument 52-109. The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company’s business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein. There have been no changes in internal control over financial reporting during the period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect the Company’s internal control over financial reporting.

Chris Stewart  
President and Chief Executive Officer  
May 9, 2018

**Qualified Person**

Mark Wheeler, the Company's Director, Projects, is a Qualified Person as defined by NI 43-101, and is responsible for the preparation of, and has reviewed and approved, the technical disclosure in this Management's Discussion and Analysis, unless otherwise indicated.

**Cautionary Note Regarding Forward-Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.