

Western Atlas Resources Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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1. Introduction

The following Management's Discussion and Analysis ("MD&A") of Western Atlas Resources Inc. and its subsidiary, (the "Company", "Western Atlas Resources", "Western Atlas", "WA", "we", "us" or "our") should be read in conjunction with the unaudited consolidated financial statements for the nine months ended September 30, 2018, the audited condensed and consolidated financial statements for the years ended December 31, 2017 and 2016, and the related notes contained therein. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A is current as at November 5, 2018.

Corporate Structure

The Company was publicly listed on the NEX board of the TSX Venture Exchange ("TSX-V") as Pacific Topaz Resources Ltd. under the ticker "PPZ.H" up to June 15, 2018. Upon close of Amalgamation of Pacific Topaz Resources and Western Atlas Resources, the name of Pacific Topaz Resources was changed to Western Atlas Resources Inc., and the ticker was changed to "WA". After June 15, 2018, the Company and its subsidiaries are primarily involved in the discovery, acquisition and development of mineral deposits in premier mining jurisdictions. The address of the Company's registered and records office, after June 15, 2018 is 1700 – 666 Burrard Street, Vancouver, BC V6C 2X8 effective June 15, 2018.

Western Atlas has one wholly owned subsidiary, Western Atlas (Nunavut) Holding Corp., which was incorporated under the Business Corporations Act (British Columbia) (the "BCBCA") and became active in December 2016, which in turn has one wholly owned subsidiary, 5530 Nunavut Inc., which was incorporated under the Business Corporations Act of Nunavut, and also registered under the Business Corporations Act of the Northwest Territories in November 2016. 5530 Nunavut Inc. holds Western Atlas Resources' interest in the Meadowbank and the Committee Bay mineral properties in Nunavut, Canada.

Forward-Looking Statements

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of deposits and the success of exploration activities) and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward looking information. All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities. Although the forward-looking statements and information contained in this MD&A reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. The material factors or assumptions used to develop forward-looking information in this MD&A include prevailing and projected market prices, exploitation and exploration estimates and results, continued availability of capital and financing, and general economic, market or business conditions. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information. Such risks and factors include, but are not limited to, the following: the Company's dependence on two principal exploration stage project; dependence on future financing; no known mineral reserves on the Company's properties; historical dependence on distribution of securities for funding requirements; uncertainty in global market and economic conditions; the Company may not be able to generate revenues; substantial sales of the Company's Common Shares will likely result in the significant decline of the trading price of the Common Shares; the speculative nature of the exploration of natural resource properties; there are uninsurable risks which could reduce or eliminate any future profitability; the Company may not have good title to its mining claims; use of unreliable historical data; competition from other exploration companies; dependence on key personnel; government regulations and environmental concerns; issuances of securities of the Company will result in dilution to holders of the Common Shares; officers and directors of the Company own a significant number of Common Shares and can exercise significant influence; conflicts of interest; marketability of mineralized material is subject to numerous factors; fluctuation in mineral prices; no cash dividends have been declared or paid by the Company; increased costs and compliance risks as a result of being a public company; non-profit government organization intervention; currency risk; enforcement of civil liabilities; risks related to joint ventures; and the Company's principal properties are located in remote areas. For further details, see the section on Risks and Uncertainties in this MD&A.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward looking statements and information contained in this MD&A and the documents incorporated by reference herein. All forward-looking statements and information disclosed in this MD&A are qualified by this cautionary statement.

2. Highlights to September 30, 2018 and Subsequent Events

In December 2016, through Discovery Mining Services Ltd., a full-service provider based in Yellowknife, NWT, WA began a staking program of approximately 58,000 hectares of mineral claims in the area of Meadowbank, Nunavut, Canada (“**Meadowbank Project**” or “**Meadowbank mineral claims**”). The staking of the Meadowbank mineral claims was completed in two phases with the filing of the mineral claims record applications before Indigenous and Northern Affairs of Canada (“**INAC**”) on January 1, 2017 and February 16, 2017 respectively.

In February 2017 WA, through Discovery Mining Services Ltd., a full-service provider based in Yellowknife, NWT, began a staking program of approximately 114,000 hectares of mineral claims in the area of Committee Bay, Nunavut, Canada (“**Committee Bay Project**” or “**Committee Bay mineral claims**”). The staking of the Committee Bay mineral claims was completed in two phases with the filing of the mineral claims record applications before INAC on March 3, 2017 and March 6, 2017, respectively.

On January 26 and March 12, 2017, WA signed proposals with Apex Geoscience Ltd., in order to provide services related to geological data collection and for the application and process management for land and water use permits for WA’s Meadowbank and Committee Bay mineral claims, respectively.

On April 25, 2017, WA, through Apex Geoscience Ltd., signed a contract with Golder Associates in order to start the archaeological assessment of the Meadowbank mineral claims, as part of the process to obtain the land and water use permits for the area.

On May 3, 2017 WA hired Precision GeoSurveys Inc. (“**Precision**”) in order to run approximately 3,800 km of airborne geophysical survey of the Meadowbank mineral claims, which was completed on June 1, 2017.

On May 19, 2017, WA received the Land Use Permit from INAC, for its Meadowbank Project.

On May 25, 2017, WA signed a contract with Roscoe Postle Associates Inc. for the completion of NI 43-101 Technical Report on both the Meadowbank and the Committee Bay Projects.

On June 23, 2017, WA received the Land Use Permit from INAC, for its Committee Bay Project.

On July 28, 2017, WA received the water licence for 5530 Nunavut Inc. Meadowbank Precious Metals project. The water licence was issued by the Nunavut Water Board pursuant to its authority under Article 13 of the Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (Nunavut Agreement).

On August 4, 2017, WA completed a field geological program in the Meadowbank project area comprising of geological and structural mapping, and rock and till sampling of specific targets. In total, 140 grab, composite grab, and chip samples were taken, with encouraging sampling results returned values of up to 13.30 g/t Au. Samples were analyzed by Activation Laboratories Ltd. (Actlabs) in Ancaster, Ontario and results released September 12, 2017.

On September 8, 2017 Roscoe Postle Associates Inc. (RPA) finalized the NI 43-101 Technical Report for WA’s Committee Bay area project. This report titled “Technical Report on the Committee Bay Area Project, Nunavut Territory, Canada”, was prepared and signed by Paul

Chamois M.Sc., P.Geo., Principal Geologist at RPA and a “qualified person” as defined in NI 43-101 independent of WA and Pacific. The Technical Report is available for review on Company's website at www.westernar.com.

On September 13, 2017 Roscoe Postle Associates Inc. (RPA) finalized the NI 43-101 Technical Report for WA's Meadowbank area project. This report, titled “Technical Report on the Meadowbank Area Project, Nunavut Territory, Canada”, was prepared and signed by Paul Chamois M.Sc., P.Geo., Principal Geologist at RPA and a “qualified person” as defined in NI 43-101 independent of WA and Pacific. The Technical Report is available for review on WA's website at www.westernar.com.

On September 19, 2017, WA received the water license issued by the Nunavut Water Board for its Committee Bay project.

On October 16, 2017 WA completed an additional field program in the Meadowbank project area comprising of rock and till sampling of specific targets. A total of 45 grab, composite grab and chip samples were taken with sampling results returned values of up to 2.06 g/t Au. Samples were analyzed by Activation Laboratories Ltd. (Actlabs) in Ancaster, Ontario and results released November 17, 2017.

On October 23, 2017, WA closed a non-brokered private placement of \$500,000 at a price of \$0.15 per share, issuing a total 3,333,333 common shares of WA.

On December 29, 2017 Western Atlas's subsidiary, 5530 Nunavut Inc., submitted before the Nunavut Impact Review Board (NIRB or Board), the Nunavut Inc.'s 2017 Annual Report for the “Committee Bay” project (the “Submission” or the “Report”).

On January 3, 2018, the NIRB upon review of the Western Atlas's Submission concluded that the Report contained the information as required and that there are no deficiencies to note.

On December 29, 2017 Western Atlas's subsidiary, 5530 Nunavut Inc., submitted before the Nunavut Impact Review Board (NIRB or Board), the Nunavut Inc.'s 2017 Annual Report for the “Meadowbank Precious Metal Project” project and for the “Committee Bay” project respectively (the “Submissions” or the “Reports”).

On January 2 and 3, 2018, the NIRB upon review of the Western Atlas's Submissions concluded that the Reports contained the information as required and that there are no deficiencies to note.

On March 2, 2018, the Company announced that it had terminated the amalgamation agreement between the Company, Petrodorado Energy Ltd. and 1128014 B.C. Ltd. dated August 7, 2017 as amended.

On March 7, 2018, the Company fixed the number of directors at four. In addition to the current director, Fabio Capponi, the Company appointed Jose Francisco Arata, Serafino Iacono, and Michael Galego Dacosta as directors of the Company.

On March 7, 2018, the Company approved a Stock Option Plan, and on March 16, 2018 granted 2,800,000 stock options in accordance with the terms of the Company's Stock Option Plan to directors, officers, employees and consultants of the Company.

On March 23, 2018, the Company entered into an Amalgamation Agreement with Pacific Topaz Resources Ltd. ("Pacific") and 1157818 B.C. Ltd. ("Subco"), pursuant to which the Company will amalgamate with Pacific's wholly owned Subco which will continue as one corporation wholly owned by Pacific following the amalgamation. Pursuant to the agreement, the Company's shareholders will be issued an aggregate of 40,001,566 common shares of Pacific at a deemed price of \$0.125 per share, representing an exchange ratio of 1.2410 Pacific shares exchanged for 1 share of the Company (the "Exchange Ratio"), at the date of the amalgamation.

After giving effect to the amalgamation, it is expected that former Western Atlas Resources shareholders will hold approximately 65% of the issued and outstanding Pacific Shares. Consequently, the transaction contemplated by the amalgamation agreement constitutes a reverse take-over of Pacific by the Company.

Pursuant to the Amalgamation, Pacific will consolidate its shares on a 2:1 basis and complete a private placement of subscription receipts at a post-Consolidation price of \$0.20 per subscription receipt for aggregate gross proceeds of not less than \$3,000,000. Subscription Receipts will be exchangeable for either:

- (a) a flow-through share, exchangeable into one flow-through common share of the Resulting Issuer; or
- (b) a non-flow-through unit, exchangeable into a unit of the Resulting Issuer, which is further exchangeable into one non-flow-through share plus one-half of a non-flow-through warrant, with each such whole warrant entitling the holder to purchase one share of the Resulting Issuer at \$0.30 for 24 months.

On June 18, 2018 Western Atlas Resources Inc. announced the closing of its previously announced business combination with Pacific Topaz Resources Ltd. ("Pacific") and 1157818 B.C. Ltd. Pursuant to the Amalgamation, Pacific consolidated its shares on a 2:1 basis, and completed a non-brokered private placement of 10,000,000 subscription receipts at a post-consolidation price of \$0.20 per subscription receipt ("Subscription Receipts") for aggregate gross proceeds of \$2,000,000 (the "Financing"). 5,892,500 of the Subscription Receipts were exchanged for Resulting Issuer shares issued on a flow-through basis, and 4,107,500 of the Subscription Receipts were exchanged for 4,107,500 non-flow-through units comprised of 4,107,500 post-consolidated shares and 2,053,750 post-consolidated warrants. Upon completion of the Amalgamation, former Western Atlas shareholders were issued an aggregate of 40,001,566 post-consolidated shares at a price of \$0.125 per share, representing an exchange ratio of 1.2410.

Upon closing of the Transaction, the board of Western Atlas Resources Inc. was reconstituted to be comprised of Serafino Iacono, Fabio Capponi, Jose Franciso Arata and Michael Galego Dacosta. Fabio Capponi and Susan Rubin were appointed CEO and CFO of the Company, respectively.

On June 21, 2018, Western Atlas Resources announced the details of the Company's 2018 summer exploration program to be conducted on its Meadowbank Project located in Nunavut, Canada.

On July 20, 2018 the Company announced the completion of a 1,518 line kilometres VTEM survey on its Meadowbank Project and provided the market with an update on the previously announced exploration program.

On July 24, 2018 Western Atlas Resources announced that the Company's CEO directly and indirectly acquired a cumulative amount of 500,000 common shares of the Company pursuant to a private agreement and that as a result of the acquisition of securities described above, the Company has been advised that Mr. Capponi now holds 13,672,250 common shares, representing 24.37% of the issued and outstanding common shares of the Company.

On August 27, 2018 the Company announced that it has started a 35-line kilometres ground induced polarization survey over specific targets located in the Block B at its Meadowbank Project in Nunavut and provided corporate update. This survey was completed on September 21, 2018.

On September 28, 2018, the Company announced encouraging interim results from its 2018 field work on its Meadowbank Project in Nunavut, which included airborne geophysical surveying (VTEM), detailed Induced Polarization ("IP") surveying and additional geological mapping and sampling. VTEM and IP surveys were carried out by Geotech Ltd. (Geotech) and Peter E. Walcott & Associates Ltd. (Walcott), respectively. Results of the VTEM and IP surveys are being reviewed by Arce Geofisicos of Lima Peru and Walcott.

On November 1, 2018 the Company announced additional positive results from its 2018 field and interpretive work on its Meadowbank Project in Nunavut. The results pertain to the:

- Completion of the 3rd grid of induced polarization survey ("IP") carried out on the Company's Block B by Peter E. Walcott & Associates Ltd. (Walcott)
- Completion of the electromagnetic anomaly picking report ("EM") by Geotech Ltd. (Geotech), and
- Receipt of the final set of results from the geological sampling.

3. Outlook for 2018

For the remainder of 2018 the Company, subject to funds availability and weather condition in the areas of operation, plans to focus on the following activities:

- Additional detailed interpretation of the VTEM and IP surveys results;
- Identify and prioritize targets for the first phase drilling program;
- Continue with the review and interpretation of the results from the 2018 field program on the Meadowbank Block areas;
- Continue with adding talent to the Company's management structure.

4. General Description of the Business and Overview of Performance

The Company is focused on discovering, acquiring, and developing mineral deposits in premier mining jurisdictions.

To that end, the Company's principal objectives are to:

- Continue its exploration work and studies to further demonstrate the potential of the Meadowbank and Committee Bay Projects, both located in Nunavut, Canada;
- Continue to identify, investigate and, where appropriate, acquire property interests, through staking or direct application to government authorities, joint venture activities or acquisition from existing holders;
- Attract talent at the management level to strengthen the Company's ability to bring projects to fruition and to increase the value of the Company for shareholders.

Overview of Performance

Meadowbank Property:

Property Description and Location

The Meadowbank Area Project consists of three non-contiguous claim blocks located in the eastern part of the District of Kivalliq, Nunavut Territory, approximately 29km to 106km north of the settlement of Baker Lake and 280km northwest of the town of Rankin Inlet. All claim blocks "comprising the property are accessible by an all-weather, private road linking Baker Lake to the Agnico Eagle's Meadowbank Mine and Amaruq deposit.

Land Tenure

The Project consists of three non-contiguous blocks totalling 56 claims and covering an area of 57,844 ha.

Existing Infrastructure and Local Resources

A private all-weather gravel road linking the settlement of Baker Lake to Agnico Eagle's Meadowbank Mine crosses Western Atlas' Areas "A" and "B" and the continuation of this road northwards to Agnico Eagle's Amaruq deposit crosses Western Atlas' Area "C". Most services are available in Baker Lake, Kugaaruk, and Rankin Inlet, including groceries, hotel accommodations, expediting services, and some camp supplies. Any supplies that are not locally available can be shipped in via daily scheduled air services or by ship/barge.

The Rankin Inlet area is a hub of mining activity in the region. Exploration and mining suppliers and contractors are available from Manitoba and the Northwest Territories. General labour is readily available from the local communities.

Committee Bay Property:

Property Description and Location

The Committee Bay Area Project consists of three non-contiguous blocks of claims located in eastern part of the Kitikmeot Region of Nunavut, located approximately 430 km north of the town of Rankin Inlet (Figure 4-1). The Project is only accessible by air. Fixed-wing and helicopter charters may be arranged either from Rankin Inlet, Nunavut, or from Yellowknife, Northwest Territories (NWT).

The three claim blocks are located within a rectangular area with east-west dimensions of 60 km and north-south dimensions of 85 km. The approximate centre of this rectangular area is located at Universal Transverse Mercator (UTM) co-ordinates 7,362,000m N and 512,800m E (NAD 83, Zone 15N). The Project is located within National Topographic System (NTS) 1:250,000 scale map sheets 56K (Laughland Lake).

Land Tenure

The Project consists of three non-contiguous blocks totalling 95 claims and covering an area of approximately 114,355 ha.

Existing Infrastructure and Local Resources

There is no permanent infrastructure on the Property. Auryn's Three Bluffs deposit is located approximately 40 km east of Western Atlas' Area "A". Auryn maintains three camps to support seasonal exploration campaigns in various portions of the Property, namely the Hayes Camp (100 person capacity), the Bullion Camp (20 to 40 person capacity) and the Ingot Camp (10 person capacity). The Project also benefits from a 914 m, graded, esker airstrip at the Hayes Camp, a permitted, seasonally prepared 1,580 m winter ice airstrip, which is constructed on the adjacent Sandspit Lake, and 320 m tundra airstrip at the Bullion Camp. A drill water system is maintained at the Three Bluffs site (Auryn Resources Inc. – Committee Bay Project, Project #2655 Technical Report NI 43-101 – May 31, 2017).

Most services are available in Baker Lake, Kugaaruk, and Rankin Inlet, including groceries, hotel accommodations, expediting services, and some camp supplies. Any supplies that are not locally available can be shipped in via daily scheduled air services or by ship/barge.

The Rankin Inlet area is a hub of mining activity in the region. Exploration and mining suppliers and contractors are available from Manitoba and the Northwest Territories. General labour is readily available from the local communities.

Financing

Between December 2016 and April 2017 the Company raised \$1,163,050 through the issuing of private placements of a total 23,700,000 Class A and B common shares of the Company.

Between August 2017 and October 2017, the Company, through a non-brokered private placement, raised \$500,000 at a price of \$0.15 per share, issuing a total 3,333,333 Class B common shares of the Company.

Between March 2018 and June 2018 the Company completed a non-brokered private placement of 10,000,000 subscription receipts at a post-consolidation price of \$0.20 per subscription receipt for aggregate gross proceeds of \$2,000,000. 5,892,500 of the Subscription Receipts were exchanged for Resulting Issuer shares issued on a flow-through basis, and 4,107,500 of the Subscription Receipts were exchanged for 4,107,500 non-flow-through units comprised of 4,107,500 post-consolidated shares and 2,053,750 post-consolidated warrants.

Western Atlas Resources intends to use the proceeds from the private placements to fund exploration, engineering and development at the Company's properties, working capital and general corporate purposes.

5. Selected Financial Information

in Canadian dollars

Financial Position	September 30, 2018		December 31, 2017	
Cash and cash equivalents	\$	972,426	\$	436,923
Exploration & evaluation assets		2,259,391		968,636
Total assets		3,415,822		1,440,345
Total liabilities		521,542		42,745
Total equity		2,894,280		1,397,600

Operations	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
General and administrative expenses	\$ 40,060	\$ 35,704	\$ 145,124	\$ 77,864
Legal fees	-	7,334	180,496	14,738
Net loss, being comprehensive loss for the period	420,323	89,780	661,560	165,044
Basic and diluted loss per Common share	\$0.01	NA	\$0.06	NA
Basic and diluted loss per Class A share	NA	\$0.00	NA	\$0.01
Basic and diluted loss per Class B share	NA	\$0.01	NA	\$0.04

6. Financial Review and Results of Operations

Capitalized Project Costs

At September 30, 2018 the following costs are capitalized as exploration and evaluation assets:

	Nine months ended		
	December 31, 2017	September 30, 2018	September 30, 2018
43-101 Technical Report	\$ 74,318	\$ 30,592	\$ 104,910
Field supplies and expenses	137,496	490,415	627,911
Geological services	95,289	112,283	207,572
GeoPhysical surveys	168,008	437,890	605,898
Laboratory analysis	8,295	39,835	48,130
Recording and staking fees	381,916	-	381,916
Technical and geological consulting	76,303	70,886	147,189
Travel	27,011	108,854	135,865
	\$ 968,636	\$ 1,290,755	\$ 2,259,391

Results of Operations

Summary of Quarterly Results

Selected financial information for the last eight completed quarters, prepared in accordance with International Financial Reporting Standards:

Quarter	Revenue	Net Gain (Loss)	Net Gain (Loss) per Share basic and diluted		
			Common	Class A	Class B
Q3 2018	-	\$ (420,323)	\$(0.01)	NA	NA
Q2 2018	-	\$ (378,858)	\$(0.01)	NA	NA
Q1 2018	\$250,000*	\$ 137,622	NA	\$ 0.01	\$ 0.01
Q4 2017	-	\$ (100,205)	NA	\$ 0.00	\$(0.01)
Q3 2017	-	\$ (89,799)	NA	\$ 0.00	\$(0.01)
Q2 2017	-	\$ (61,637)	NA	\$ 0.00	\$(0.01)
Q1 2017	-	\$ (13,608)	NA	\$ 0.00	\$(0.01)
Q4 2016	-	\$ (822)**	NA	\$ 0.00	NA

* The Company received a \$250,000 break fee on termination of the amalgamation agreement between the Company, Petrodorado Energy Ltd. and 1128014 B.C. Ltd. dated August 7, 2017 as amended.

** The Company began operations in December 2016. Expenses incurred in the year ended December 31, 2016 are \$822, and are mainly related to accounting and advisory fees.

Liquidity and Capital Resources

The Company's mineral exploration and development activities have provided the Company with no sources of income and an accumulated deficit. However, given the nature of its business, the results of operations as reflected in net loss and loss per share do not provide meaningful interpretation of the Company's valuation.

At September 30, 2018 the Company had cash and cash equivalents of \$972,426 compared to \$436,923 at December 31, 2017.

The Company intends to finance its exploration and development activities through existing cash balances and future financing activities.

Investing Activities

Cash flows used in investing activities of \$1,290,755 in the nine months ended September 30, 2018 and \$869,599 in the nine months ended September 30, 2017 were for the acquisition of exploration and evaluation assets. In the nine months ended September 30, 2018 these expenses were mainly for field supplies and expenses, and for geophysical surveys. In the nine months ended September 30, 2017 these expenses were for recording and staking fees.

Financing Activities

As a mineral exploration and development company with no current production or revenue from mining operations, the Company will continue to depend on equity capital to finance its activities. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors.

There were cash inflows of \$1,844,949 from financing activities during the nine months ended September 30, 2018, and \$1,577,100 in nine months ended September 30, 2017. These were from gross proceeds of private placement less share issue costs.

Share Capital and Outstanding Share Data

As at November 5, 2018 the Company's fully diluted share position is:

	Number of shares
Issued and outstanding common shares	56,380,370
Options at exercise prices from \$0.12 to \$0.32	4,855,700
Warrants at \$0.30	2,053,750
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Fully diluted	63,289,820

Off Balance-Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Financial Instruments and Other Instruments

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values. The Company is not exposed to currency risk on its cash and cash equivalents.

Related Parties Transactions

At September 30, 2018 the Company had \$6,079 (December 31, 2017 – nil) payable to an officer of the Company related to reimbursement of expenses paid on behalf of the Company. Amounts payable to related parties are non-interest bearing and without specific terms of repayment.

During the nine months ended September 30, 2018, the Company paid \$173,792 for management, general business and financial advisory services (nine months ended September 30, 2017 – \$35,000) to an officer of the Company and a company controlled by an officer of the Company.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in Note 3 of its audited condensed consolidated financial statements for the year ended December 31, 2017. Management considers the following policy to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Nature of operations and going concern
- Exploration and evaluation assets

Nature of operations and going concern

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts shown for mineral properties and property and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, obtaining necessary financing to continue to explore and develop the property.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow from its mineral property interests. There can be no assurances that the Company will be able to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations and exploration and development activities which may impact the Company's ability to maintain its mineral property interest.

The consolidated financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

Exploration and evaluation assets

The Company defers the cost of acquiring and maintaining its interest in mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Other exploration and development expenditures are expensed as incurred until such time as mineral reserves can be established, after which such costs will be accounted for in the same manner as acquisition costs. Costs of producing properties will be amortized on a unit of

production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the assets, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

The Company reviews the carrying value of long-lived assets for impairment when circumstances indicate an asset's value may not be recoverable. The evaluation is based on the higher of the asset's fair value less costs to sell and its value in use, which is the present value of future cash flows expected to be derived from the asset in its current state. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the higher of fair value less costs to sell and value in use.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration or development of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

7. Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material respects with regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's business plan calls for substantial investment and cost in connection with the exploration and development of the Meadowbank and the Committee Bay projects. There can be no assurance that the Company will have the funds required to make such expenditures or that those expenditures will prove profitable. Any direct acquisition of any of the claims under lease or option is subject to the Company's ability to obtain the financing necessary for it to fund and carry out exploration programs on the subject properties. The requirements are substantial. Obtaining additional financing would be subject to a number of factors, including market prices for minerals, investor acceptance of the Company's properties and investor sentiment. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. The most likely source of future funds presently available to the Company is through equity or debt

financings. Any sale of share capital will result in dilution to existing shareholders. Unprecedented market conditions may impede the ability of the company to raise funds needed to guarantee the regular continuation of its operations and to maintain in good and lawfully standing its mining titles.

Depending on future exploration and development plans, the Company may require additional financing which may not be available or, if available, may not be available on favourable terms.