



**VAL D'OR MINING CORPORATION**

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

**DATED: NOVEMBER 19, 2018**

## **SCOPE OF THIS MANAGEMENT'S DISCUSSION AND ANALYSIS AND NOTICE TO INVESTORS**

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of November 19, 2018, and complements the unaudited interim condensed financial statements of Val-d'Or Mining Corporation ("Val-d'Or" or the "Company"), for the three and nine months ended September 30, 2018 and 2017.

The interim condensed financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited financial statements of the Company and the notes thereto for the year ended December 31, 2017. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The Company's independent auditors have not conducted a review of the interim condensed financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants regarding the review of the interim financial report.

The unaudited interim condensed financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on November 19, 2018. These documents and more information about the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING STATEMENTS**

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results are summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

## **ABOUT VAL-D'OR MINING CORPORATION**

The Company, incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9.

Effective November 9, 2018, the Company's shares, which are listed on the TSX Venture Exchange, changed its trading symbol to "VZZ".

Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, is holding a 26.51% interest in the Company.

## **MINERAL PROPERTIES**

The Company's 100%-owned assets included ten (10) exploration properties located in the Abitibi Greenstone Belt (Québec), two (2) properties located in the Nunavik Region (Ungava Belt and Labrador Trough) in northern Québec, and three (3) located in north-central (James Bay) Québec. The AGB properties are comprised of gold (3), copper-zinc-silver (3) and nickel-copper-PGM (4) projects. The Nunavik Region properties are comprised of nickel-copper-PGM prospects, and the north-central Québec (James Bay) are comprised of chromium prospects.

### **Abitibi Greenstone Belt Prospect - Québec and Ontario**

On April 18, 2017, the Company signed a Mining Option Agreement ("Option") with Golden Valley, to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties. Pursuant to the terms of the Option, the Company must incur \$4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with \$500,000 to be incurred on or before December 31, 2018, \$750,000 to be incurred on or before the December 31, 2019, \$1,000,000 to be incurred on or before December 31, 2020, and \$1,750,000 to be incurred on or before December 31, 2021).

As consideration for the Option, the Company will issue 16,666,668 common shares to Golden Valley at a deemed price of \$0.12 per share for an aggregate deemed value of \$2,000,000 (issuable as to 4,166,667 common shares on or before each of December 31, 2018, 2019, 2020 and 2021). In addition, the Company has granted Golden Valley a royalty equal to 1.25% of the

net smelter returns ("NSRs") from the 61 properties on the terms set out in the option agreement of which 1% may be bought back by the Company by paying Golden Valley \$5,000,000, at the Company option, in cash or shares at a deemed price per share equal to the market price of the Company's shares at the time of such election.

If the Company has issued the common shares and incurred the expenditures provided for in the option agreement, it may exercise the option on or before December 31, 2021.

During and subsequent to the current quarter, exploration activities were undertaken on the Oregon, Magoma and Ducros Sill prospects, with the primary objective of this work being to resolve drill targets.

*a) Oregon Prospect – Val-d'Or, Québec*

The Oregon Prospect covers an elongated granodiorite intrusion that dips to the northeast and lies along a northwest southeast axis. The granodiorite part of the property hosts the historic Oregon Showing (Corps Minéralisé 32/C05-0011. MRNF SIGEOM). This mineral occurrence occurs within a fracture zone that hosts a series of parallel quartz stringers mineralized with pyrite. It has been traced out by previous historic exploration programs over a strike length of one hundred and twenty metres.

An initial Phase I exploration program on the property is underway. The program consists of grid establishment (line-cutting) and geophysical (ground magnetic and induced polarization - 3D IP) surveying. Funding for this work was provided by Fonds de solidarité FTQ and SIDEX through their "FIELD-ACTION 2018" initiative, designed to encourage junior mining companies to perform their fieldwork in Québec while at the same time supporting their working capital.

The primary metallogenic target at the Oregon Prospect is an intrusive-hosted, bulk tonnage gold deposit.

*b) Magoma Prospect – Val-d'Or, Québec*

The property overlies the felsic volcanic rocks of the Hunter Mine Group and is situated midway between the Rouyn-Noranda and Normetal mining camps. The Magoma gold showing occurs within an extensive network of quartz veins controlled by intense shearing that cuts through tuffaceous and porphyritic units of rhyolite. This geological setting is proximal to a fault splay from the regional gold bearing *Macamic Deformation Corridor* that passes through the northeast part of the property.

An initial Phase I exploration program on the property is underway. The program consists of grid establishment (line-cutting) and geophysical (ground magnetic and induced polarization - 3D IP) surveying.

The primary metallogenic target at the Magoma Prospect is an orogenic gold deposit spatially related to a deformation zone hosted in altered and mineralized metavolcanic rocks.

*c) Ducros Sill Prospect – Val-d'Or, Québec*

A PULSE-EM (TDEM) survey was conducted over to separate grids centered on a series of input anomalies (airborne electromagnetic anomalies) with the objective of defining drill targets.

The Ducros prospect covers an elongated, north-south trending ultramafic (dunite/pyroxenite) sill complex prospective for magmatic Ni-Cu-PGE mineralization.

*d) Other Prospects – Abitibi Greenstone Belt, Québec and Ontario*

Additional field exploration activities are expected over the course of the year on some of the other optioned properties from Golden Valley which are deemed as having good exploration potential or where claim renewal requirements necessitate addition exploration work.

**Other Properties:**

*Fortin Prospect – Abitibi Greenstone Belt - Senneterre, Québec*

The Fortin Prospect is located in the central part of Ducros Township, approximately 80 kilometres northeast of the City of Val-d'Or, Québec, and consists of 5 contiguous mining claims. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at anytime; 0.5% buyback for \$500,000 and 1% buyback for \$1,000,000. This prospect was impaired in the year ended December 31, 2013.

Presently no immediate exploration fieldwork is planned on the property.

*Boston Bulldog Prospect – Abitibi Greenstone Belt - Kirkland Lake, Ontario*

Subsequent to the mining claim to cell claim conversion process completed by the Ontario government in April 2018, the Boston Bulldog Prospect now consists of 15 claim cells (14 single cell and 1 boundary cell claims), covering an area of approximately 326 hectares. Prior to the cell to claim conversion process, the property consisted of a single claim of 144 hectares.

On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, March 24, 2017 and January 19, 2018, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by the president and director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty. In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of \$5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur exploration expenditures of \$50,000 by April 7, 2019.

In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. \$1,000,000 at any time on or before February 16, 2022.

On December 30, 2016, the 3 mining claims expired and the Company attempted to re-stake the claims but was met with competition for said claims and they were staked by another party. However, the Company was of the opinion that the other party did not follow proper staking procedures on one of the claims, re-staked it and subsequently submitted a claim dispute to Mining Recorder at the Ministry of Northern Development and Mines ("MNDM"). On November 8, 2017, the Company received confirmation that the dispute filed was decided in favour of the Company and therefore had full title restored.

An exploration program for the property is currently at the planning stage.

#### ***Shoot-Out (East and West) Prospect - Northern Québec***

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 154 claims (6,251 ha) located in the Raglan Belt of northern Québec. The Company has a 100% ownership interest in this property that is subject to a 3% NSR in favour of the original vendors, one of which is a director and officer of the Company.

Presently no immediate exploration fieldwork is planned on the property.

#### ***Marymac Prospect – Labrador Trough, Québec***

The Marymac Prospect located in the Labrador Trough of Québec, consists of 22 Map Designated Units (each an "MDU"). The Company holds a 100% interest in the Marymac Prospect that is subject to a 2% net smelter royalty ("NSR") interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted pursuant to an agreement dated March 1, 2001.

Presently no immediate exploration fieldwork is planned on the property.

## SELECTED FINANCIAL INFORMATION

### FINANCIAL CONDITION REVIEW

	As at September 30, 2018	As at December 31, 2017	As at December 31, 2016
Assets	\$ 1,267,205	\$ 1,417,535	\$ 73,491
Liabilities	71,483	109,017	42,175
Equity	1,195,722	1,308,518	31,316

#### *ASSETS*

Total assets as at September 30, 2018 were \$1,267,205 compared to \$1,417,535 as at December 31, 2017, a decrease of \$316,735 mainly due to a decrease in cash and cash equivalents of \$537,458 which funded the Company's operations and exploration activities.

The Company ended the third quarter of 2018 with cash and cash equivalents of \$818,509 compared to \$1,355,967 as at December 31, 2017. Exploration and evaluation assets have increased from \$42,299 as at December 31, 2017 to \$396,507 as at September 30, 2018 due to expenditures incurred on claim staking and maintenance of \$35,343, technical and field staff salaries of \$123,851, geology and geophysics work of \$65,745 and capitalized share-based compensation of \$112,405.

#### *LIABILITIES*

Total liabilities as at September 30, 2018 were \$71,483 compared to \$109,017 at December 31, 2017, a decrease of \$37,534. This decrease is mainly attributable to a settlement fee of \$60,000 recognized as at December 31, 2017 in connection with the termination agreement signed with Golden Valley, which was settled in the first quarter, including the note payable due to Golden Valley in the amount of \$30,000, through the issuance of common shares of the Company as further described below. These decreases were offset by increases in third-party trade payables resulting from exploration activities for the three and nine months ended September 30, 2018.

On October 1, 2010, the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley, pursuant to which Golden Valley will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a consultant and investors relations services to the Company in consideration of \$96,000 per year, payable by the Company on a monthly basis, plus applicable taxes. However, Golden Valley suspended the management fees to Val-d'Or Mining in 2012 to enable the Company to conserve cash for operations. On January 1, 2018, the Company entered into a Termination Agreement with Golden Valley under which the Company agreed to terminate the Management Agreement, in exchange of a settlement fee of \$60,000 payable by the Company as consideration for its failure to pay the management fees since the date of suspensions of the respective Management Agreement.

On April 6, 2018, the Company announced that, subject to acceptance by the TSX Venture Exchange (“Exchange”) and with the intent of preserving its cash resources for operations, it proposed issuing approximately 857,142 common shares at a deemed per share price of \$0.105 in settlement of an aggregate of \$90,000 in accrued debt owing to the Company. Of the debt to Golden Valley, \$30,000 is an outstanding loan and \$60,000 relates to consideration payable under the terms of a termination agreement entered into effective January 1, 2018. On April 30, 2018, the Exchange accepted the shares for debt submission.

### *EQUITY*

Equity totalled \$1,195,722 at September 30, 2018 compared to \$1,308,518 as at December 31, 2017, a decrease of \$112,796 mainly due to the net loss of \$459,342 which was offset by the exercise of 15,000 incentive stock options for total proceeds of \$975, recognition of share-based compensation of \$256,925 following the grant of 2,600,000 stock options and issuance of 857,142 shares on settlement of \$90,000 debt obligations.

### **DISCUSSION AND RESULTS OF OPERATIONS**

This table represents selected information for the Company for the three and nine months ended September 30, 2018 and 2017:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenue	\$ -	\$ -	\$ -	\$ -
Operating expenses	107,129	99,857	459,347	170,630
Other expenses	33	72	(5)	310
<b>Net loss and comprehensive loss</b>	<b>\$ 107,162</b>	<b>\$ 99,929</b>	<b>\$ 459,342</b>	<b>\$ 170,940</b>
Basic and diluted loss per common share	\$ 0.003	\$ 0.005	\$ 0.014	\$ 0.010

The net loss for the three months and nine months ended September 30, 2018 was \$107,162 and \$459,342, respectively compared to \$99,929 and \$170,940 for the same periods in 2017. The increase in net loss for 2018 relates to increases in consultant fees, office expenses, salaries and other employee benefits, and shared-based payments. This overall increase in operating expenses is a result of changes in the operations of the Company that came into effect at the beginning of 2018. Specifically, with an effective date of January 1, 2018, the Company entered into a Termination Agreement with Golden Valley under which the Company agreed to terminate the Management Agreement. Consequently, pursuant to the termination, administrative, management and financial services such as office space, administrative support previously provided by Golden Valley has been assumed by the Company. In addition, as a result of the operations of the Company being conducted by Golden Valley’s employees under the mining option agreement with Val-d’Or Mining, certain administrative, management and financial services previously incurred by Golden Valley have either been recovered from or have been directly assumed by Val-d’Or Mining. In addition, the Company appointed a Chief Operating Officer and Vice-President Exploration last quarter.



## CASH FLOW REVIEW

	Nine months ended September 30,	
	2018	2017
Operating activities	\$ (295,206)	\$ (196,692)
Investing activities	(241,873)	(42,570)
Financing activities	(379)	378,443
<b>Increase (decrease) in cash</b>	<b>\$ (537,458)</b>	<b>\$ 139,181</b>

Operating activities for the nine months ended September 30, 2018 required cash outflows of \$295,206 compared to \$196,692 for the same period of 2017. The increase in the use of cash is from the ramp-up of operations in 2018 with the addition of employees and consultants to support the administrative and exploration activities of the Company.

Investing activities for the nine months ended September 30, 2018 required cash outflows of \$241,873 compared to \$42,570 in 2017. These cash outflows represented exploration and evaluation expenditures of \$251,313, net of tax credits received of \$9,440.

Financing activities for the nine months ended September 30, 2018 resulted in cash outflows of \$379 compared to cash inflows of \$378,443 in 2017. Financing activities for the nine months ended September 30, 2017 included issuance of 4,353,461 common shares of the Company on a private placement for net proceeds of \$282,975 and issuance of 890,000 common shares for warrants exercised at \$0.12 per share for total proceeds of \$106,800.

## SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the 8 most recently completed quarters as derived from the Company's respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, the notes to those statements.

	Sept 2018	Jun 2018	Mar 2018	Dec 2017	Sept 2017	Jun 2017	Mar 2017	Dec 2016
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	107,109	167,896	387,330	102,467	99,857	46,981	23,792	1,421,834
Other expenses (income)	33	572	703	94	72	120	118	17
<b>Net loss and comprehensive loss</b>	<b>\$ 107,142</b>	<b>\$ 168,468</b>	<b>\$ 388,033</b>	<b>\$ 102,561</b>	<b>\$ 99,929</b>	<b>\$ 47,101</b>	<b>\$ 23,910</b>	<b>\$ 1,421,851</b>
Basic and diluted net loss per common share	\$ (0.003)	\$ (0.005)	\$ (0.012)	\$ (0.004)	\$ (0.005)	\$ (0.003)	\$ (0.002)	\$ (0.110)

The net loss of \$1,421,851 for the three months ended December 31, 2016 was due to an impairment of exploration and evaluation assets in the amount of \$1,420,017 taken on the Marymac prospect in 2016.

## **LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING**

As of September 30, 2018, the Company had cash and cash equivalents of \$818,509 and a working capital of \$799,215.

The Company manages its capital structure and brings about adjustments related to changes in the economic environment and underlying risks of its assets. To preserve or modify its capital structure and to carry on the development of its mining properties, the Company may issue additional common shares or negotiate new loans.

Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months. However, based on the Company's current development plan and commitments, the Company will have to raise additional financing to be able to fulfill its commitments on the Abitibi Greenstone Belt prospect described in the Commitments section.

Readers are invited to refer to the Risk and Uncertainties section for more information.

## **SUBSEQUENT EVENTS**

- a) On October 18, 2018, the Company announced that it has completed the previously announced non-brokered private placement offering (the "Offering") for gross proceeds of \$255,000. The Company issued 2,318,180 Units under the Offering at a per Unit price of \$0.11, each Unit comprised of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant, each whole warrant (a "Warrant") exercisable for the purchase of one common share of the Company at a per share price of \$0.15 until October 18, 2021.

The net proceeds raised from the Offering will be used by the Company to conduct further exploration work on its Oregon Prospect in Abitibi, Québec, and for general corporate purposes. All securities issued under the Offering, including common shares underlying the Warrants, are subject to a hold period until February 19, 2019, in accordance with applicable securities legislation and the policies of the TSX Venture Exchange.

- b) On October 24, 2018, the Company announced that it has granted incentive stock options to the Company's directors, officers, employees and consultants, which entitle the purchase of an aggregate 510,097 common shares in the capital of the Company at a per share exercise price of \$0.11 until October 24, 2023. Any common shares issued on exercise of these options will be subject to a hold period until February 25, 2019, pursuant to applicable legislation and the policies of the TSX Venture Exchange.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at September 30, 2018 or as at the date of this MD&A.

## INFORMATION ON OUTSTANDING SECURITIES

The following table sets out the number of common shares, warrants and options outstanding as of the date hereof:

<b>Common shares outstanding:</b>		34,022,797
<b>Stock options exercisable:</b>		3,630,097
Average exercise price of:	\$	0.10
<b>Warrants outstanding:</b>		14,517,751
Average exercise price of:	\$	0.12

<b>Stock options outstanding:</b>		
<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of stock options outstanding</b>
April 2019	\$ 0.065	45,000
November 2019	\$ 0.080	50,699
May 2021	\$ 0.065	424,301
February 2023	\$ 0.105	2,600,000
October 2023	\$ 0.110	510,097
		<b>3,630,097</b>

<b>Warrants outstanding:</b>		
<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of warrants outstanding</b>
March 30, 2019	\$ 0.085	4,578,661
November 30, 2020	\$ 0.100	1,380,000
November 30, 2020	\$ 0.150	7,400,000
October 18, 2021	\$ 0.150	1,159,090
		<b>14,517,751</b>

## RELATED PARTY TRANSACTIONS

Please refer to Note 12 of the unaudited interim condensed financial statements for the three and nine months ended September 30, 2018 for key management transactions. The Company has not entered into any other related party transaction.

## COMMITMENTS

The Company entered into a consulting agreement, expiring February 5, 2020, which will require total payments of \$84,000. The minimum payments for the next years are \$38,500 in 2018, \$42,000 in 2019 and \$3,500 in 2020.

The Company has entered into a long-term agreement for the lease of an equipment expiring on July 25, 2022, which require total lease payments of \$11,768. The minimum lease payments for the next years are \$2,077 in 2018, \$2,769 in 2019, 2020 and 2021 and \$1,384 in 2021.

The Company has the following commitments in connection with mining option agreements:

<b>Abitibi Greenstone Belt</b>	<b>Exploration work</b>	<b>Issuance of shares</b>
2018	\$ 500,000	4,166,667
2019	750,000	4,166,667
2020	1,000,000	4,166,667
2021	1,750,000	4,166,667
	<hr/>	<hr/>
	\$ 4,000,000	16,666,668

<b>Boston Bulldog</b>	<b>Exploration work</b>	<b>Issuance of shares</b>
2019	50,000	-

The Company has also entered into a consulting agreement with the VP Exploration for a total annual payment of \$66,950. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance would amount to \$200,000 if the consulting agreement is terminated by the Company and \$100,000 if the consulting agreement is terminated by the VP Exploration within six months from the date of change of control.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has adopted the accounting standards IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”, effective January 1, 2018. These adoptions were made in accordance with applicable transitional provisions and resulted in the changes in accounting policies. The changes in accounting policies including those that have not been adopted are explained in Notes 3 and 4 of the unaudited interim financial statements as at September 30, 2018.

## RISKS RELATED TO FINANCIAL INSTRUMENTS

Readers are invited to refer to Note 14 of the audited financial statements for the year ended December 31, 2017, for a full description of these risks.

## NON-IFRS MEASURE

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

	As at September 30, 2017	As at December 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 818,509	\$ 1,355,967
Sales taxes recoverable	25,470	14,145
Due from related parties	6,512	
Prepaid expenses and deposits	20,207	5,194
	<b>870,698</b>	1,375,306
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 71,483	\$ 79,017
Due to related party	-	30,000
	<b>71,483</b>	109,017
<b>Working capital</b>	<b>799,215</b>	<b>1,266,289</b>

## RISKS AND UNCERTAINTIES

An investment in the common shares of the Company involves a high degree of risk and must be considered highly speculative due to the financial and operational risks inherent to the nature of the Company's business and the present stage of exploration and development of its mineral resource properties. These risks may affect the Company's eventual profitability and level of operating cash flow. Prospective buyers of the common shares of the Company should consider the following risk factors:

### Investment of Speculative Nature

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

### Nature of Mineral Exploration and Mining

There is no known mineral resource on the Company's properties. Mineral exploration and development involve a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

### Exploration and Development Risks

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

### Additional Financing

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

### Stress in the Global Economy and Financial Condition

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing.

### Permits and Licenses

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

### Competition

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

### No Assurance of Title to Property

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

### Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

### Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

### Conflicts of Interest

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

### Insurance

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

### Influence of Third-Party Stakeholders

Claims by third parties on the lands in which the Company holds interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

### Fluctuation in Market Value of Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.