



MARGAUX RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018 AND 2017

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Margaux Resources Ltd. ("Margaux" or the "Corporation") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the years ended September 30, 2018 and 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Corporation for the years ended September 30, 2018 and 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited financial statements of the Corporation for the years ended September 30, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the common shares (the "Common Shares") of Margaux; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The date of this MD&A is January 28, 2019.

Further information about the Corporation and its operations can be obtained from the offices of the Corporation or from www.sedar.com.

FORWARD-LOOKING INFORMATION

This document contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond Margaux's control. Forward looking information does not relate strictly to historical or current facts and can be identified by words such as "anticipate", "believe", "estimate", "expect", "forecast", "intend", "may", "project", "should", "will" or similar expressions. These statements represent management's reasonable projections, expectations and estimates as of the date of this document but undue reliance should not be placed upon them, as they are derived from many assumptions. Such assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results implied by such forward looking statements.

The forward looking information in the MD&A is subject to significant risks and uncertainties and is based on many factors and assumptions which may prove to be incorrect; including, but not limited to, the following:

- The Corporation's expectations with regards to qualified expenditures for flow-through shares;
- The sufficiency of the Corporation's financial resources with which to conduct its capital program; and
- Whether or not the Corporation can obtain additional capital through equity or debt issuances.

The forward looking information represents management's views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. Management has attempted to identify important factors that could cause actual results to vary from those current expectations or estimates expressed or implied by the forward looking information. However, there may be other factors that cause actual results or performance to differ materially from current estimates and expectations. Other risks and uncertainties include, but are not limited to:

- Normal risks common to the mining industry, including various operational risks in the implementation of exploration, development and production operations;
- Risks and uncertainties of mining economic geological reserves;

- Revisions or amendments to capital expenditure programs, including development and exploitation opportunities;
- The Corporation's ability to attract and retain qualified professional employees and consultants;
- Risks as to the availability and pricing of appropriate financing alternatives on acceptable terms; and
- Potential changes in government policies, rules, approval process changes, delays or enhancements, or income tax regulations.

The preparation of the financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgment and decisions based on available geological, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Margaux's actual results, performance or achievements could differ materially from those expressed in, or implied in, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Margaux will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Margaux or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and Margaux does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

DESCRIPTION OF THE BUSINESS AND OVERALL PERFORMANCE

The Corporation was incorporated on August 5, 2009 pursuant to the *Business Corporations Act* (Alberta) as "Carmen Energy Inc.". On August 16, 2010 the Corporation amended its Articles to remove its private company and share transfer restrictions, and on July 4, 2011 completed the process of applying for status as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On July 22, 2013, the Corporation changed its name to "Margaux Resources Ltd."

The Corporation is a mineral acquisition and exploration company focused on the development of zinc, gold, and tungsten deposits in the Kootenay Arc, in the southeastern region of British Columbia.

Jersey-Emerald Property, British Columbia

During 2013, the Corporation entered into an option to purchase agreement (the "Jersey Emerald Option Agreement"), as amended, with Apex Resources Ltd. (formerly Sultan Minerals Inc.) ("Apex") to acquire Apex's 100% interest in the Jersey and Emerald Properties (the "Property") for total payments of \$4,010,000 from 2013 to 2018, of which \$[●] were incurred prior to September 30, 2018.

The Corporation incurred \$841,243 of exploration and evaluation ("E&E") on the Jersey Emerald Property during the year ended September 30, 2018 (2017 - \$2,228,579) relating to exploration activity.

Subsequent to the year ended September 30, 2018, the Corporation elected to terminate the Jersey-Emerald Option Agreement. As a result, management has impaired the full value of the Jersey-Emerald asset in the amount of \$6,064,657. The \$200,000 in prepaid royalty and \$25,700 of deposits made on the Jersey-Emerald have also been impaired for an aggregate total of \$6,290,357.

Kootenay Arc Zinc Project

The Kootenay Arc Zinc Project consists of the Jackpot Property, Ore Hill Property and Aspenex Property (collectively the "Kootenay Arc Zinc Project").

Jackpot/Oxide Property, British Columbia

On October 24, 2016, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the Jackpot/Oxide Property (the "Jackpot Property"), located in Salmo, British Columbia (the "Jackpot Option Agreement").

The Jackpot Property is located in the Kootenay Arc belt in southeastern British Columbia, approximately 15 kilometres northeast of the community of Salmo. The Jackpot Property consists of mineral claims and crown grants, covering 1,326 hectares in the Nelson Mining Division, and is prospective for zinc, lead and silver. The aforementioned claims are on strike of the Badshot-Reeves Limestone, which hosts several important zinc-lead mines, including the Reeves MacDonald, and HB.

Under the terms of the Jackpot Option Agreement, Margaux has the exclusive option to acquire the Jackpot Property, by making payments to the third party of an aggregate \$340,000 cash and aggregate issuance of 500,000 Common Shares, paid in several installments as follows:

- 1) within ten business days of execution of the Jackpot Option Agreement, a cash payment of \$5,000 (paid);
- 2) upon receipt of TSX-V approval, a cash payment of \$5,000 and issuance of 50,000 Common Shares (paid and issued);
- 3) on or before the first anniversary of the execution of the Jackpot Option Agreement, a cash payment of \$30,000 and the issuance of 150,000 Common Shares (paid and issued);
- 4) on or before the second anniversary of the execution of the Jackpot Option Agreement, a cash payment of \$60,000 and issuance of 150,000 Common Shares;
- 5) on or before the third anniversary of the execution of the Jackpot Option Agreement, a cash payment of \$90,000 and issuance of 150,000 Common Shares; and
- 6) on or before the fourth, fifth and sixth anniversary of the execution of the Jackpot Option Agreement, a cash payment of \$50,000.

Under the terms of the Jackpot Option Agreement, the third party will retain a 1.5% NSR on the property. The Corporation may at any time purchase up to 50% of the NSR from the third party by payment of \$1,000,000.

During the year ended September 30, 2018, the Corporation paid \$30,000 (2017 - \$10,000) cash in option payments and issued 50,000 Common Shares (2017 - 50,000). The Common Shares were valued at \$42,000 less a discount of \$7,268 (2017 - \$15,000 less a discount of \$7,113) which has been applied due a resale restriction on the Common Shares.

The Corporation incurred \$141,185 of E&E costs on the property during the year ended September 30, 2018 (2017 - \$100,627) relating to exploration activity.

Ore Hill and Aspenex Property, British Columbia

On March 2, 2017, the Corporation entered into an option agreement (the "Ore Hill Agreement") with a third party for the acquisition of 100% of the Ore Hill property and a purchase and sale agreement (the "Aspenex Agreement") for the acquisition of 100% of the Aspenex Property, located in Salmo, British Columbia.

Under the terms of the Ore Hill Agreement, the Corporation has the exclusive option to acquire the Ore Hill mineral claims, by making payments to the vendor of an aggregate \$80,000 cash and aggregate issuance of 200,000 Common Shares, paid in several installments over four years (\$10,000 paid and 50,000 Common Shares issued to date).

In addition, the vendor will retain a 2% NSR on the Ore Hill Property. The Corporation may at any time purchase the 2% NSR from the third party by payment of \$250,000.

During the year ended September 30, 2018, the Corporation paid \$15,000 (2017 - \$10,000) cash in option payments and issued 50,000 Common Shares (2017 - 50,000). The Common Shares were valued at \$12,000 less a discount of \$2,014 (2017 - \$18,000 less a discount of \$7,356) which has been applied due to a resale restriction on the Common Shares.

The Corporation incurred \$55,650 of E&E costs on the Ore Hill property during the year ended September 30, 2018 (2017 - \$nil) relating to exploration activity.

Under the terms of the Aspenex Agreement, the Corporation purchased the Aspenex property from the vendor outright, for a purchase price of \$5,000 cash and 50,000 Common Shares (paid and issued).

During the year ended September 30, 2018, the Corporation paid \$nil (2017 - \$5,000) cash in option payments and issued no Common Shares (2017 - 50,000). The Common Shares were valued at \$nil less a discount of \$nil (2017 - \$18,000 less a discount of \$5,056) which has been applied due to a resale restriction on the Common Shares.

The Corporation incurred \$56,480 of E&E costs on the Aspenex property during the year ended September 30, 2018 (2017 - \$nil) relating to exploration activity.

Sheep Creek Project

Bayonne and Sheep Creek Property, British Columbia

On January 6, 2017, the Corporation entered into an option agreement with Yellowstone Resources Ltd. (a private company, based in British Columbia) (the "YSR Agreement") for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (collectively, the "YSR Properties").

Under the terms of the YSR Agreement, the Corporation has the exclusive option to acquire the Bayonne property, by making payments to Yellowstone Resources Ltd. of an aggregate \$194,000 cash and aggregate issuance of 550,000 common shares, paid in several installments. The installments are to be paid as follows:

- 1) within ten (10) business days of execution of the Option Agreement, a non-refundable cash payment of \$5,000 (paid);
- 2) within ten (10) business days of completion of title due diligence on the Properties, a cash payment of \$9,000 (paid);
- 3) upon receipt of TSX-V approval, a cash payment of \$10,000 and issuance of 50,000 Common Shares (paid and issued);
- 4) on or before the first anniversary of TSX-V approval, a cash payment of \$30,000 and the issuance of 150,000 Common Shares (paid and issued);
- 5) on or before the second anniversary of TSX-V approval, a cash payment of \$60,000 and issuance of 150,000 Common Shares; and
- 6) on or before the third anniversary of TSX-V approval, a cash payment of \$80,000 and issuance of 200,000 Common Shares.

In addition, the Corporation will have the exclusive option to acquire the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate \$500,000 cash and aggregate issuance of 1,050,000 Common Shares, paid in several installments as follows:

- 1) upon receipt of TSX-V approval, a cash payment of \$25,000 (paid);
- 2) on or before six months, following TSX-V approval, a cash payment of \$25,000 (paid);
- 3) on or before the first anniversary of TSX-V approval, a cash payment of \$25,000 (paid);
- 4) on or before eighteen (18) months following, TSV-V approval, a cash payment of \$25,000 (paid);
- 5) on or before the second anniversary of TSX-V approval, a cash payment of \$100,000 and issuance of 300,000 Common Shares;
- 6) on or before the third anniversary of TSX-V approval, a cash payment of \$100,000;
- 7) on or before the fourth anniversary of TSX-V approval, a cash payment of \$100,000 and issuance of 300,000 Common Shares; and
- 8) on or before the fifth anniversary of TSX-V approval, a cash payment of \$100,000 and issuance of 450,000 Common Shares.

During the year ended September 30, 2018, the Corporation paid \$30,000 (2017 - \$24,000) cash in option payments and issued 150,000 Common Shares (2017 - 50,000) related to the Bayonne Property and paid \$50,000 (2017 - \$50,000) cash in option payments related to the Sheep Creek property.

The Common Shares were valued at \$42,750 less a discount of \$7,633 (2017 - \$20,000 less a discount of \$9,403) which has been applied due to a resale restriction on the Common Shares.

The Corporation incurred \$957,303 of E&E costs on the Sheep Creek Project during the year ended September 30, 2018 (2017 - \$36,546) relating to exploration activity.

Tungsten Tailings Project

CANEX Agreement

On January 19, 2017, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the CANEX property, located in Salmo, British Columbia (the "CANEX Option Agreement").

Under the terms of the CANEX Option Agreement, the Corporation has the exclusive option to acquire the mineral claim by making payments to the third party of an aggregate \$110,000 cash and aggregate issuance of 275,000 Common Shares (\$30,000 paid and 75,000 Common Shares issued).

During the year ended September 30, 2018, the Corporation paid \$10,000 (2017 - \$20,000) cash in option payments and issued 50,000 Common Shares (2017 - 25,000).

The Common Shares were valued at \$14,250 less a discount of \$2,443 (2017 - \$8,000 less a discount of \$3,628) which has been applied due to a resale restriction on the Common Shares.

The Corporation incurred \$146,731 of E&E costs on the CANEX Property during the year ended September 30, 2018 (2017 - \$nil) relating to exploration activity.

CORPORATE UPDATES

Summary of 2018 Financing and Securities Matters

On December 1, 2017, the Corporation issued 150,000 Common Shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016 and as per TSV-V approval received on December 1, 2016. The Common Shares were valued at a market price of \$0.29 per Common Shares. The Common Shares carried a resale restriction which expired on April 1, 2018.

On December 6, 2017, the Corporation closed a non-brokered private placement of 4,399,999 units of the Corporation at a purchase price of \$0.30 per unit and 1,134,943 Common Shares issued on a "CEE flow-through" basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.36 per flow-through share for aggregate proceeds of \$1,728,579. Each unit consists of one Common Shares and one half of one common share purchase warrant of the Corporation. Each whole warrant is exercisable by the holder at a price of \$0.40 per warrant for a period of two years from December 6, 2017, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds \$0.50.

On December 22, 2017, the Corporation closed a non-brokered private placement of 1,377,600 units of the Corporation at a purchase price of \$0.30 per unit and 3,076,521 Common Shares of the Corporation issued on a "CEE flow-through" basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.36 per flow-through share for aggregate proceeds of \$1,520,828. Each unit consists of one Common Shares and one half of one Common Shares purchase warrant of the Corporation. Each whole warrant is exercisable by the holder at a price of \$0.40 per warrant for a period of two years from December 22, 2017, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds \$0.50.

On February 6, 2018, the Corporation issued 150,000 Common Shares as per the Bayonne and Sheep Creek Property option agreement signed on December 23, 2016 and as per TSV-V approval received on February 6, 2017. The Common Shares were valued at a market price of \$0.30 per Common Shares. The Common Shares carried a resale restriction which expired on June 7, 2018.

On March 5, 2018, the Corporation issued 50,000 Common Shares as per the Canex Property option agreement signed on January 19, 2017 and as per TSV-V approval received on March 3, 2017. The Common Shares were valued at a market price of \$0.29 per Common Shares. The Common Shares carried a resale restriction which expired on July 6, 2018.

On March 29, 2018, the Corporation issued 50,000 Common Shares as per the Ore Hill Property option agreement signed on December 23, 2016 and as per TSV-V approval received on February 6, 2017. The Common Shares were valued at a market price of \$0.24 per Common Shares. The Common Shares carried a resale restriction which expired on July 30, 2018.

On June 12, 2018, the Corporation issued 1,340,000 stock options to Directors, officers, advisory committee members and consultants with the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at \$0.25 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

On August 15, 2018, the Corporation closed a non-brokered private placement of 1,486,020 Common Shares of the Corporation issued on a "CEE flow-through" basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.23 per flow-through share for aggregate proceeds of \$341,784.

SUBSEQUENT EVENTS

On October 4, 2018, the Corporation announced that it made the determination to terminate the option agreement on the Jersey Emerald property in southern British Columbia.

On October 16, 2018, the Corporation closed the first tranche of a non-brokered private placement by issuing:

- 7,033,100 units ("Units") of the Corporation at a price of \$0.08; and
- 2,279,566 Common Shares issued on a "CEE flow-through" basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.10 per flow-through share, for aggregate gross proceeds of \$800,605.

On December 5, 2018, the Corporation increased and closed the second tranche of its non-brokered private placement by issuing:

- 3,550,000 units ("Units") of the Corporation at a price of \$0.08; and
- 250,000 Common Shares issued on a "CEE flow-through" basis pursuant to the *Income tax Act* (Canada) at a price of \$0.10 per flow-through share, for aggregate gross proceeds of \$309,000.

Gross proceeds raised under the first and second tranche of the offering were \$1.11 million.

Each Unit consists of one Common Share and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of \$0.15 per Warrant Share until 4:30 pm (Mountain Standard Time) on that date that is 24 months from the issuance closing date, (the "Expiry Time") subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds \$0.20.

The securities issued pursuant to the offering are subject to a four month hold period under applicable securities laws. In connection with the offering, certain finders received a cash fee and/or non-transferable finder Warrant.

On January 15, 2019, the Corporation announced it had entered into an option agreement ("Option Agreement") with a third party to option the Old Timer gold property (the "Old Timer Property"), near Salmo in southern British Columbia. Terms of the Option Agreement include staged payments totalling \$50,000 and 500,000 Common Shares over a 4 year period, for the Corporation to acquire a 100% interest in the Old Timer Property. The Option Agreement and the issuance of Common Shares is subject to TSX-V approval.

On January 21, 2019, the Corporation announced it had entered into a non-binding Letter of Intent ("LOI") with Wildsky Resources Inc. ("Wildsky") for an option to acquire the Cassiar Gold Project (the "Property") in northern British Columbia by way of an all-share agreement.

Terms of LOI

Under the terms of the LOI, Margaux will issue 58,200,000 common shares ("Shares") in the capital of Margaux, at a deemed price of \$0.08 per Share, to Wildsky to acquire all the common shares (the "Cassiar Shares") in the capital of Wildsky's wholly-owned subsidiary, Cassiar Gold Corp. Shares will be issued in 4 tranches over an 18 month period. A Definitive Option Agreement (the "Definitive Agreement") must be entered into by Margaux and Wildsky within a 90 day due diligence and exclusivity period that follows the signing of the LOI, and the closing of the Definitive Agreement is subject to regulatory approval. A 10% initial Share payment is due upon signing the Definitive Agreement. Thereafter, subsequent 20, 30 and 40% Share payments are due at 6 month intervals. The LOI is subject to board approval by both Margaux and Wildsky and to the approval of the TSX Venture Exchange. Further clarification and details of the conditions of the transaction follow.

- Negotiation and execution of a Definitive Option agreement;
- Approval of the transaction by the board of directors of both Wildsky and of Margaux;
- Approval of the transaction by the TSX Venture Exchange; and
- Approval by Wildsky shareholders.

In order to exercise the Option, Margaux must issue a total of 58,200,000 Shares, issued at a deemed price of \$0.08 per Share for aggregate consideration of \$4.656 million. Margaux must also undertake certain exploration expenditures on the Cassiar Property and satisfy certain other conditions as follows:

- (a) 5,820,000 Shares issued to Wildsky on execution of the Definitive Agreement, as fully paid and non-assessable securities;
- (b) 11,640,000 Shares issued to Wildsky no later than six (6) months after execution of the Definitive Agreement, as fully paid and non-assessable securities;
- (c) 17,460,000 Shares issued to Wildsky no later than twelve (12) months after execution of the Definitive Agreement, as fully paid and non-assessable securities; and
- (d) 23,280,000 Shares issued to Wildsky no later than eighteen (18) months after execution of the Definitive Agreement, as fully paid and non-assessable securities.
- (e) Margaux will expend at least \$400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;
- (f) Six (6) Months after execution of the Definitive Agreement, Wildsky will have the right to appoint one (1) member to the board of directors of Margaux;
- (g) Twelve (12) Months after execution of the Definitive Agreement, Wildsky will have the right to appoint an additional person (for a total of two (2) board members) to the board of directors of Margaux; and
- (h) Twelve (12) Months after execution of the Definitive Agreement, Wildsky will have the right to appoint one person to the senior management team of Margaux, on terms and conditions to be agreed upon by Margaux and Wildsky, acting reasonably.
- (i) Wildsky being granted a 30% net profit interest (the "NPI") on all minerals processed from Cassiar's TM #1 tailings pond (the "Tailings Pond") located on the Cassiar property, after capital payout of up to \$500,000. The Definitive Agreement shall include a schedule detailing the calculation of NPI.

If, at any time prior to the exercise of the Option or the termination of the Definitive Agreement, Margaux or its agent(s) remove material from the Tailings Pond for purposes other than bona fide exploration and testing purposes, and such material is processed for its minerals and/or metals, then the time periods set out above in paragraphs (b), (c) and (d) of shall be accelerated ("Acceleration") to seven (7) days from the date of first removal of such material.

All Shares issued to Wildsky in accordance with Definitive Agreement shall be subject to a statutory hold period (the "Statutory Hold Period") of 4 months and a contractual hold period of a further eight (8) months (for a total of 12 months from the date of issuance). If Acceleration occurs, then all Shares issued to Wildsky, including any Shares issued prior to Acceleration, shall only be subject to the Statutory Hold Period. For greater certainty, if any Shares have been issued to Wildsky more than 4 months prior to the occurrence of Acceleration, then those Payment Shares shall immediately become "free-trading".

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

HIGHLIGHTS

For the year ended September 30,	2018	2017	2016
Net revenues	\$ -	\$ -	\$ (778)
Cash from financing activities	\$ 3,712,293	\$ 5,732,765	\$ 1,615,285
Cash used in operations	(1,471,429)	(2,420,636)	(568,350)
Net loss	(7,713,431)	(2,796,271)	(549,505)
Loss per share - basic and diluted	(0.13)	(0.07)	(0.02)

As at September 30,	2018	2017	2016
Total assets	2,517,132	6,450,354	2,922,535
Current assets	460,963	1,157,908	775,752
Current liabilities	344,398	305,718	354,956
Working capital (deficiency)	\$ (116,565)	\$ 852,190	\$ 420,796
Common shares outstanding	61,718,201	49,843,118	29,093,938

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Corporation's quarterly financial results:

Three months ended,	September 30		June 30		March 31		December 31	
	2018	2017	2018	2017	2018	2017	2017	2016
Expenses								
General and administrative	\$ 291,825	\$ 420,169	\$ 243,673	\$ 462,451	\$ 427,889	\$ 799,509	\$ 357,454	\$ 466,431
Operating and production costs	(197,419)	73,149	16,942	23,087	25,516	33,105	275,878	27,430
Depreciation	9,607	9,284	10,606	5,118	9,219	4,896	8,994	5,339
Share based compensation	200,280	194,537	36,567	100,686	68,399	110,890	69,172	110,750
Foreign exchange loss	-	6,904	-	4,599	-	1,443	-	1,842
Loss before other items	\$ 304,293	\$ 704,043	\$ 307,788	\$ 595,941	\$ 531,023	\$ 949,844	\$ 711,498	\$ 611,792
Interest income	-	(403)	-	-	-	-	-	-
Flow through share premium	(234,747)	-	(102,513)	(30,975)	(75,971)	(18,545)	(18,297)	(15,426)
Fair value gain on derivative	-	1,007	-	-	-	(1,007)	-	-
Impairment	6,290,357	-	-	-	-	-	-	-
Net loss from Operations	\$ 6,359,903	\$ 704,647	\$ 205,275	\$ 564,966	\$ 455,052	\$ 930,292	\$ 693,201	\$ 596,366
Loss per share – basic and diluted	\$ 0.10	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.02

DISCUSSION OF OPERATIONS

The Corporation is focused on the development of zinc, gold, and tungsten deposits in the Kootenay Arc, in the southeastern region of British Columbia. The Corporation's general and administrative expenses decreased to \$1,320,841 from the 2017 comparative amount of \$2,148,560. The decrease in general and administrative expenses is a result of decreased consultants, travel, marketing and professional fees related to the business of the Corporation for the year ended September 30, 2018.

General and administrative details:

	2018	2017
Consulting	\$ 582,430	\$ 697,410
Travel & Meals	105,685	260,827
Office & Administrative	62,624	211,914
Marketing	387,402	753,517
Professional Fees	182,700	224,892
Total	\$ 1,320,841	\$ 2,148,560

Operating

The Corporation incurred operating costs of \$120,917 for the year ended September 30, 2018 (2017 - \$156,771). The decrease for the year ended September 30, 2018 is a result of reduced costs related to exploration activity at the Corporation's Properties.

Total expenses

Total expenses for the year ended September 30, 2018 was \$1,854,602 (2017 - \$2,861,620). The decrease for the year ended September 30, 2018 is a result of cost savings measures which resulted in decreased general and administrative expenses.

FINANCIAL INSTRUMENTS, LIQUIDITY AND CAPITAL RESOURCES

The Corporation's financial instruments, consisting of cash, GST receivables and trade payables, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions and to maintain the development program for the Jackpot/Oxide, Bayonne Sheep Creek Properties and Ore Hill & Aspenex properties, Old Timer Property and Canex property (collectively, the "Properties"). To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity, by securing strategic partners or assuming debt.

The Corporation is exposed to liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

As at September 30, 2018, the Corporation had cash and cash equivalents of \$323,923 compared with \$1,024,387 at September 30, 2017. The Corporation continues to experience negative operating cash flow as a result of no revenue coupled with the Corporation's ongoing expenses related to its exploration and business development activities. The Corporation anticipates a negative operating cash flow will continue until such time as production begins on its existing properties.

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

As at September 30, 2018, the Corporation's working capital deficiency was \$116,565 (2017 working capital - \$852,190).

The Corporation's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate sufficient cash from operating and financing activities to meet the Corporation's needs. However, certain conditions exist that may cast significant doubt on the validity of this assumption. The Corporation incurred a net loss of \$7,713,431 for the year ended September 30, 2018 (2017 - \$2,796,271) and had negative cash flows from operating activities of \$1,471,429 (2017 - \$2,420,636). The audited financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these financial statements. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or assuming debt. The Corporation currently anticipates that sufficient financing will be available to fund its current commitments and payables and to carry out its ongoing drill program at its Properties.

The Corporation defines capital to include equity, comprised of share capital including warrants, contributed surplus and deficit.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Corporation or engages in leasing or hedging services with the Corporation.

PROPERTY AND EQUIPMENT

	Computers, Equipment & Vehicles \$
Cost	
Balance as at September 30, 2016	69,609
Additions	149,105
Balance as at September 30, 2017	218,714
Additions	41,572
Balance as at September 30, 2018	260,286
Balance as at September 30, 2016	27,661
Charge for the year	24,638
Balance as at September 30, 2017	52,299
Charge for the year	38,426
Balance as at September 30, 2018	90,725
Net book value	
September 30, 2017	166,415
September 30, 2018	169,561

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

EXPLORATION AND EVALUATION ASSETS

	Jersey- Emerald	Kootenay Arc Zinc Project	Sheep Creek Project	Tungsten Tailings Project	Total
Balance at September 30, 2016	\$2,004,835	\$ -	\$ -	\$ -	\$2,004,835
Option payments	390,000	25,000	74,000	20,000	509,000
Share based payments	-	31,475	10,597	4,372	46,444
Exploration costs	2,228,579	100,627	36,546	-	2,365,752
Balance at September 30, 2017	\$4,623,414	\$157,102	\$121,143	\$24,372	\$4,926,031
Option payments	600,000	45,000	80,000	10,000	735,000
Share based payments	-	44,718	35,117	11,807	91,642
Exploration costs	841,243	253,315	957,303	146,731	2,198,592
Impairment	(6,064,657)	-	-	-	(6,064,657)
Balance at September 30, 2018	\$ -	\$500,135	\$1,193,563	\$192,910	\$1,886,608

Exploration and Evaluation ("E&E") assets consist of costs expended on the Corporation's projects which are pending determination of technical feasibility and commercial viability. During the year ended September 30, 2018, the Corporation primarily focused its activities to mining on its Jersey Emerald, Sheep Creek Project, Kootenay Arc Zinc and Tungsten Tailings Project, located in Salmo, British Columbia. See "*Description of the Business and Overall Performance*", above.

RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at September 30, 2018, the Corporation had an amount of \$40,582 (2017 - \$21,206) due to directors and officers included in trade and other payables.

During the year ended September 30, 2018, the Corporation was provided geological consulting services in the amount of \$nil (2017 - \$14,205) from a company controlled by a director of the Corporation. The total amount had been capitalized to the mineral property as exploration costs. The Corporation paid \$157,149 (2017 - \$96,150) to an officer for compensation as Vice President Exploration of the Corporation. The total amounts have been capitalized to the mineral property as exploration cost.

The Corporation also incurred professional services in the amount of \$25,000 (2017 - \$70,838) provided by a company controlled by a director of the Corporation. These fees have been reflected in general and administrative expenses.

The Corporation purchased vehicles in the amount of \$30,250 (2017 - \$nil) from a director and officer of the Corporation. These amounts have been capitalized to Property and Equipment on the statement of financial position.

An aggregate of \$103,250 (2017 - \$61,662) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

An aggregate of \$250,000 (2017 - \$240,500) in consulting fees were paid to a company owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of \$14,065 (2017 - \$78,056) was also reimbursed to a director and officer of the Corporation and was recorded in general and administrative expenses on the net loss and comprehensive loss. Costs associated with exploration costs of \$12,000 (2017- \$nil) was paid to a director and officer of the Corporation as was capitalized as exploration costs.

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	September 30, 2018	September 30, 2017
	\$	\$
Short-term compensation	510,399	398,312
Short-term employee salary and benefits	-	1,313
Share-based payments	374,418	516,863
Capitalized share-based payments	33,835	40,632
Total	918,652	957,120

OUTSTANDING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, all without nominal or par value. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

Common shares

	Number of Common Shares	Share capital
Balance at October 1, 2016	29,093,938	\$6,541,166
Shares issued, net (a)(b)(c)(d)(e)(f)(g)(h)(i)(j)(k)(l)	20,749,180	3,474,733
Balance at September 30, 2017	49,843,118	\$10,015,899
Shares issued (n)(r)	11,475,083	3,591,191
Share option payments (m)(o)(p)(q)	400,000	111,000
Share issue costs		(195,855)
Warrant Allocation		(495,419)
Flow through share discount		(470,659)
Share based payments		24,329
Shares to be issued (s)		316,957
Balance at September 30, 2018	61,718,201	\$12,897,443

Warrants

	Number of warrants	Share capital
Balance at October 1, 2016	4,775,000	\$747,392
Warrants issued	10,449,829	2,372,431
Balance at September 30, 2017	15,224,829	\$3,119,823
Warrants issued (n)	2,888,798	495,419
Warrants expired	(4,045,000)	(638,612)
Balance at September 30, 2018	14,068,627	\$2,976,630

Total share capital at September 30, 2017	\$13,135,722
Total share capital at September 30, 2018	\$15,874,073

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

- (a) On October 21, 2016, the Corporation closed on a non-brokered private placement of 3,976,000 units of the Corporation at a purchase price of \$0.25 per unit and 548,387 Common Shares issued on a "CEE flow-through" basis at a purchase price of \$0.31 for total proceeds of \$1,164,000. Each unit consists of one Common Shares and one Common Shares purchase warrant of the Corporation. Each whole warrant will be exercisable by the holder at a price of \$0.30 per warrant for a period of two years from October 21, 2016.

As part of the non-flow through units issued on October 21, 2016 and November 24, 2016 (note 11(f)(g)); subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one Common Shares at a price of \$0.30 for a period of 24 months from the date of closing. A value of \$1,313,906 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.56%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	140% - 144%
Weighted-average fair value	\$0.21 - \$0.22
Expected Life	2 years

- (b) On November 24, 2016, the Corporation closed on a non-brokered private placement of 2,128,000 units of the Corporation at a purchase price of \$0.25 per unit and 1,122,582 Common Shares issued on a "CEE flow-through" basis at a purchase price of \$0.31 for total proceeds of \$880,000. Each unit consists of one Common Shares and one Common Shares purchase warrant of the Corporation. Each whole warrant will be exercisable by the holder at a price of \$0.30 per warrant for a period of two years from November 24, 2016.
- (c) On January 6, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 Common Shares valued at a market price of \$0.30 per Common Shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016. The Common Shares carried a resale restriction that expired on October 6, 2017.
- (d) On February 16, 2017, upon receipt of the TSX-V approval, the Corporation issued 50,000 Common Shares valued at a market price of \$0.40 per Common Shares as per the Bayonne and Sheep Creek Properties option agreement signed on December 23, 2016. The Common Shares carried a resale restriction that expired on November 16, 2017.
- (e) On March 9, 2017, the Corporation closed on a non-brokered private placement of 4,876,661 units of the Corporation at a purchase price of \$0.30 per unit and 1,237,998 Common Shares issued on a "CEE flow-through" basis at a purchase price of \$0.36 for total proceeds of \$1,908,678. Each unit consists of one Common Shares and one-half of one Common Shares purchase warrant of the Corporation. Each whole warrant will be exercisable by the holder at a price of \$0.40 per warrant for a period of two years from March 9, 2017.

As part of the non-flow through units issued on March 9, 2017 and March 31, 2017 (note 9(j)(m)); subscribers received one-half warrant per unit purchased. Each whole warrant entitles the holder to purchase one Common Shares at a price of \$0.40 for a period of 24 months from the date of closing. A value of \$901,577 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

Risk-free rate	0.56%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	141% - 142%
Weighted-average fair value	\$0.21
Expected Life	2 years

- (f) On March 10, 2017, upon receipt of the TSX-V approval, the Corporation issued 25,000 Common Shares valued at a market price of \$0.32 per Common Shares as per the Jersey Emerald Tungsten tailings pond option agreement signed on January 19, 2017. The Common Shares carried a resale restriction that expired on December 10, 2017.
- (g) On March 14, 2017, options that were issued in August 5, 2016 were exercised at \$0.25 per Common Shares in exchange for 50,000 Common Shares for gross proceeds of \$12,250.
- (h) On March 31, 2017, the Corporation closed on a non-brokered private placement of 3,814,996 units of the Corporation at a purchase price of \$0.30 per unit and 2,169,556 Common Shares issued on a “CEE flow-through” basis at a purchase price of \$0.36 for total proceeds of \$1,925,541. Each unit consists of one Common Shares and one-half of one Common Shares purchase warrant of the Corporation. Each whole warrant will be exercisable by the holder at a price of \$0.40 per warrant for a period of two years from March 31, 2017.
- (i) On April 3, 2017, upon receipt of the TSX-V approval, the Corporation issued 100,000 Common Shares valued at a market price of \$0.36 per Common Shares as per the Ore Hill option agreement and the Aspenex purchase agreement. The Common Shares carried a resale restriction that expired on January 3, 2018.
- (j) On April 4, 2017, upon receipt of the TSX-V approval, the Corporation issued 400,000 Common Shares in settlement of a \$100,000 promissory note amount owing to a third party (note 7).
- (k) On May 16, 2017, options that were issued November 1, 2016 were exercised at \$0.25 in exchange for 50,000 Common Shares for gross proceeds of \$12,500.
- (l) On September 13, 2017, upon receipt of the TSX-V approval, the Corporation issued 150,000 Common Shares at a market price of \$0.24 per Common Shares as per the Service Partnership Agreement between the Corporation and a third party. The value of the Common Shares was recorded as a consulting expense on the statement of net loss and comprehensive loss.
- (m) On December 1, 2017, the Corporation issued 150,000 Common Shares as per the Jackpot/Oxide Property option agreement signed on October 12, 2016 and as per TSV-V approval received on December 1, 2016. The Common Shares were valued at a market price of \$0.28 per Common Shares. The Common Shares carried a resale restriction that expired on April 1, 2018.
- (n) On December 6, 2017, the Corporation closed a non-brokered private placement of 4,399,999 units of the Corporation at a purchase price of \$0.30 per unit and 1,134,943 Common Shares of the Corporation issued on a “CEE flow-through” basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.36 per flow-through share for aggregate gross proceeds of \$1,728,579. Each unit consists of one Common Shares and one half of one Common Shares purchase warrant of the Corporation. Each whole warrant is exercisable by the holder at a price of \$0.40 per warrant for a period of two years from December 6, 2017, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds \$0.50.

On December 22, 2017, the Corporation closed a non-brokered private placement of 1,377,600 units of the Corporation at a purchase price of \$0.30 per unit and 3,076,521 Common Shares of the Corporation issued on a “CEE flow-through” basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.36 per flow-through share for aggregate gross proceeds of \$1,520,828. Each unit consists of one Common Shares and one half of one Common Shares purchase warrant of the Corporation. Each whole warrant is exercisable by the holder at a price

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

of \$0.40 per warrant for a period of two years from December 22, 2017, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX-V exceeds \$0.50.

As part of the non-flow through units issued on December 6, 2017 and December 22, 2017 (note 7(a)(b)); subscribers received one-half warrant per unit purchased. Each whole warrant entitles the holder to purchase one Common Shares at a price of \$0.40 for a period of 24 months from the date of closing. A value of \$495,419 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.66%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	137%
Weighted-average fair value	\$0.17
Expected Life	2 years

- (o) On February 6, 2018, the Corporation issued 150,000 Common Shares as per the Bayonne and Sheep Creek Property option agreement signed on December 23, 2016 and as per TSV-V approval received on February 6, 2017. The Common Shares were valued at a market price of \$0.29 per Common Shares. The Common Shares carried a resale restriction that expired on June 7, 2018.
- (p) On March 5, 2018, the Corporation issued 50,000 Common Shares as per the Canex Property option agreement signed on January 19, 2017 and as per TSV-V approval received on March 3, 2017. The Common Shares were valued at a market price of \$0.29 per Common Shares. The Common Shares carried a resale restriction that expired on July 6, 2018.
- (q) On March 29, 2018, the Corporation issued 50,000 Common Shares as per the Ore Hill Property option agreement signed on December 23, 2016 and as per TSV-V approval received on February 6, 2017. The Common Shares were valued at a market price of \$0.24 per Common Shares. The Common Shares carried a resale restriction that expired on July 30, 2018.
- (r) On August 15, 2018, the Corporation closed a non-brokered private placement of 1,486,020 Common Shares issued on a "CEE flow-through" basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.23 per flow-through share for aggregate gross proceeds of \$341,784.
- (s) As of September 30, 2018, an aggregate \$316,957 was raised on financings which closed subsequent to year end.

FLOW-THROUGH SHARES

During the year ended September 30, 2018, the Corporation raised \$1,857,912 on a CEE flow-through share basis and was required to incur a net total of \$1,857,912 of qualifying expenditures to renounce the tax deductions to investors. As at September 30, 2018, \$1,757,906 of qualifying expenditures were incurred. The Corporation still needs to incur an additional \$100,005 to meet its flow through share commitment. A flow-through share premium liability of \$39,133 was recognized as the Corporation has not met its flow-through share commitment by incurring sufficient qualifying expenditures as at September 30, 2018. The accumulated flow-through share premium of \$431,528 was amortized during the year.

STOCK OPTION PLAN

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase

Margaux Resources Ltd.
Management's Discussion and Analysis
For the year ended September 30, 2018 and 2017

common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V. A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at September 30, 2016	1,525,000	\$0.12
Expired	(300,000)	\$0.25
Exercised*	(100,000)	\$0.25
Granted	3,715,000	\$0.28
Exercisable as at September 30, 2017	2,446,654	\$0.20
Outstanding at September 30, 2017	4,840,000	\$0.24
Forfeited	(436,667)	\$0.26
Granted	1,340,000	\$0.25
Exercisable as at September 30, 2018	3,784,988	\$0.23
Outstanding at September 30, 2018	5,743,333	\$0.24

*For share options exercised during the prior year, the weighted average share price of at the date of exercise was \$0.31.

At September 30, 2018, the weighted-average life of the options outstanding was 3.3 years (2017 – 3.8 years). The fair value of options is estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

	2018	2017
Risk-free interest rate	2.14%	0.7% - 1.47%
Expected stock price volatility*	147%	132% - 139%
Expected life	5 years	5 years
Expected dividend yield	-	-
Fair value per option granted	\$0.19	\$0.23 – \$0.29
Forfeiture rate	0%	0%

*Volatility is calculated using historical share price data.

Share-based payments expense of \$374,418 for the year ended September 30, 2018 (September 30, 2017 – \$516,863) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments and recorded over the vesting period of the options. Share-based payments of \$33,835 (2017 - \$40,632) were capitalized to E&E.

CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and financial statements for the year ended September 30, 2018 and 2017.

The Management of the Corporation has filed the Venture Issuer Basic Certificate with the filings for the year ended September 30, 2018 and 2017 on SEDAR at www.sedar.com.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the audited financial statements is in conformity with IFRS. Preparing the audited financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Note 4 of the Corporation's September 30, 2018 audited financial statements provide greater detail regarding all of the significant accounting policies.

FUTURE ACCOUNTING STANDARDS

The new IFRS pronouncements which have been issued but are not yet effective and may have an impact on the Corporation in the future are as follows:

IFRS 16 - Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor') and replaces the previous leases standard, IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Corporation is in the early stages of evaluating the impact of IFRS 16 on its consolidated financial statements and the extent of the impact has not yet been determined.

BUSINESS RISKS AND UNCERTAINTIES

The Corporation's production and exploration activities are concentrated in Western Canada where activity is highly competitive and includes companies ranging from smaller junior producers to the much larger integrated petroleum and mining companies. The Corporation is subject to various types of business risks and uncertainties, including:

- Finding and developing mineral reserves at economic costs
- Commodity Risk

- Production of minerals in commercial quantities
- Marketability of minerals produced
- Substantial capital requirements and access to capital markets
- Environmental risks
- Reliance on operators and key employees
- Third party credit risk
- Insurance
- Changes in legislation and incentive programs

The Corporation is not in a position to predict these risks or uncertainties, nor evaluate their impact, as the case may be, on its activities. The following summary of risks and uncertainties applicable to the Corporation are not comprehensive, and there may be other factors, or a combination of factors, that can cause actual results to differ from those presented in the Corporation's forward-looking statements.

Commodity Risk

The value of the Corporation's exploration and evaluation of assets are related to the price of zinc, lead, tungsten, gold and other mineral commodities, and the outlook for the minerals. The Corporation's business could be affected by commodity market price movements and their impact on the future economic viability of the Corporation's projects and the ability of the Corporation to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Exploration Risk

The Corporation operates as a mineral explorer in the mining industry which involves considerable financial and technical risk. Substantial time and expenditures are usually required to make discoveries and to establish economic reserves. It is impossible to ensure that the current properties and programs of the Corporation will result in economic discoveries and development. Accordingly, success in achieving the objectives of the Corporation is affected by some circumstances over which the Corporation has no control.

In order to reduce exploration risk, the Corporation strives to employ highly qualified and motivated professional employees with a demonstrated ability to generate quality proprietary geological and geophysical prospects. To help maximize drilling success, the Corporation combines exploration in areas that afford multi-zone prospect potential, targeting a range of low to moderate risk prospects with some exposure to select high risk, high reward opportunities.

Additional Financing

The business of the Corporation depends, in part, on its ability to raise funds by issuing securities of the Corporation. The Corporation is exposed to financing risks such as not being able to raise sufficient funds to meet the required option payments on the Properties. To mitigate this risk, the Corporation has intermediaries with valuable commercial relationships actively searching for ways to raise funds. The Corporation intends to raise the required funds through issuance of equity by securing strategic partners or assuming debt. The exercise of stock options, as well as any new equity financings, represent dilution factors for present and future shareholders.

Credit Risk

Credit risk is the risk that a customer or counter party will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Corporation's credit risk is primarily attributable to cash and trade and other receivables which are with customers and are subject to normal credit risks.

Credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions.

The Corporation's maximum exposure for the year ended September 30, 2018 relates to \$323,923 (2017 – \$1,024,387) of cash and \$45,047 (2017 – \$24,536) of trade receivables for year ended September 30, 2018. Trade receivables consisted to goods and services tax owed to the Corporation.

Liquidity Risk

Liquidity risk rises from the Corporation's general funding needs and in the management of the Corporation's assets, liabilities and mineral property expenditure requirements. The Corporation manages its liquidity risk to maintain sufficient liquid financial resources to meet its commitments and obligations as they come due in a cost-effective manner.

Environmental Risks

Mining can involve environmental risks such as pollution of the environment and destruction of natural habitat, as well as safety risks such as personal injury. In order to mitigate such risk, the Corporation conducts its operations at high standards and follows safety procedures intended to reduce the potential for personal injury to employees, contractors and the public at large.

The Corporation mitigates its risk related to producing hydrocarbons and minerals through the utilization of the most appropriate technology and information systems. In addition, the Corporation seeks to maintain operational control of the majority of its prospects.

Management and Employees

The Corporation depends on the skills and experience of its management team and other key employees. The Corporation also relies on its ability to attract and retain skilled personnel in a competitive environment. A failure to recruit and retain employees in order to assist the Corporation's business may adversely affect the Corporation's business or financial condition.

Directors and Officers

H. Tyler Rice, CEO, President, and Director
Don Nguyen, CFO
Linda Caron, Vice President Exploration
James Letwin, Director and Chairman
Doug Foster, Director
Robert Derkitt, Director
Christopher Steward, Director