MARGAUX RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED DECEMBER 31, 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 three months ended December 31, 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 condensed interim financial statements of the Corporation for the three months ended December 31, 2018 and 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The condensed interim financial statements of the Corporation for the three months ended December 31, 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 February 26, 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 condensed interim 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.".

For a full description of the Corporation's properties, please see the Corporation's management's discussion and analysis dated January 28, 2019, for the year ended September 30, 2018 which is available on the Corporation's SEDAR profile at www.sedar.com.

CORPORATE UPDATES

Summary of 2019 Financing and Securities Matters

On October 16, 2018, the Corporation closed on a non-brokered private placement of 7,033,100 units of the Corporation at a purchase price of $0.08 per unit and 2,379,566 common shares issued on a "CEE flow-through" basis at a purchase price of $0.10 per unit for total proceeds of $800,605 ($316,957 was received in the year ended September 30, 2018). Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.15 per warrant for a period of two years from October 16, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $0.20 per share.

On December 5, 2018, the Corporation closed on a non-brokered private placement of 3,550,000 units of the Corporation at a purchase price of $0.08 per unit and 250,000 common shares issued on a "CEE flow-through" basis at a purchase price of $0.10 per unit for total proceeds of $309,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.15 per warrant for a period of two years from December 5, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $0.20 per share.

On December 1, 2018, the Corporation issued 150,000 common shares valued at a market price of $0.04 per common share as per the Jackpot/Oxide Property option agreement signed on October 12, 2016. The shares carry a resale restriction that expire on April 1, 2017.

SUBSEQUENT EVENTS

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 "Property"), near Salmo in southern British Columbia. Terms of the Option Agreement include staged payments totalling $50,000 and 500,000 common shares ("Shares") of the Corporation over a 4 year period, for the Corporation to acquire a 100% interest in the Property. The Option Agreement and the issuance of Shares was approved on February 6, 2019.

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".

On February 4, 2019, the Corporation announced a non-brokered private placement, up to:

- 3,125,000 units ("Units") of the Corporation at a price of $0.08 per Unit; and
- 2,500,000 flow-through units ("Flow-Through Units") of the Corporation at a price of $0.10 per Flow-Through Unit, for aggregate gross proceeds of up to $500,000.

Each Unit will consist of one common share in the capital of the Corporation ("Common Share") and one Common Share purchase warrant ("Warrant"). Each Flow-Through Unit will consist of one Common Share issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) and one-half of one Warrant. Each Warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of $0.12 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 Venture Exchange exceeds $0.20 per share.

HIGHLIGHTS

For the three months ended December 31,	**2018**	2017	2016
Cash from financing activities	**$ 726,849**	3,090,074	$ 1,954,295
Cash used in operations	**(417,975)**	(939,588)	(744,216)
Net loss	**(277,688)**	(693,202)	(596,367)
Loss per share - basic and diluted	**(0.00)**	(0.02)	(0.02)

As at December 31,	**2018**	2017	2016
Total assets	**2,804,002**	8,733,125	4,220,029
Current assets	**480,424**	2,718,348	1,198,620
Current liabilities	**137,746**	352,735	213,347
Working capital (deficiency)	**$342,678**	$ 2,365,613	$ 985,273
Common shares outstanding	**75,080,867**	59,982,181	36,868,907

SUMMARY OF QUARTERLY RESULTS

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

	December 31		**September 30**		**June 30**		**March 31**	
Three months ended,	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Expenses								
General and administrative	**$ 251,424**	$ 356,030	**$ 291,825**	$ 420,169	**$ 243,673**	$ 462,451	**$ 427,889**	$ 799,509
Operating and production costs	**19,391**	275,879	**(197,419)**	73,149	**16,942**	23,087	**25,516**	33,105
Depreciation	**8,675**	8,994	**9,607**	9,284	**10,606**	5,118	**9,219**	4,896
Share based compensation	**37,331**	69,171	**200,280**	194,537	**36,567**	100,686	**68,399**	110,890
Foreign exchange loss	-	1,425	-	6,904	-	4,599	-	1,443
Loss before other items	**$ 316,821**	$ 711,499	**$ 304,293**	$ 704,043	**$ 307,788**	$ 595,941	**$ 531,023**	$ 949,844
Interest income	-	-	-	(403)	-	-	-	-
Flow through share premium	**(39,133)**	(18,297)	**(234,747)**	-	**(102,513)**	(30,975)	**(75,971)**	(18,545)
Fair value gain on derivative	-	-	-	1,007	-	-	-	(1,007)
Impairment	-	-	**6,290,357**	-	-	-		-
Net loss from Operations	**$ 277,688**	$ 693,202	**$ 6,359,903**	$ 704,647	**$ 205,275**	$ 564,966	**$ 455,052**	$ 30,292
Loss per share – basic and diluted	**$ 0.00**	**$ 0.02**	**$ 0.10**	**$ 0.01**	**$ 0.00**	$ 0.01	**$ 0.01**	$ 0.03

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 $251,424 from the 2017 comparative amount of $356,030. 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 three months ended December 31, 2018.

General and administrative details:

		2018		2017
Consulting	$	148,363	$	114,412
Travel & Meals		13,500		34,904
Office & Administrative		5,903		21,780
Marketing		35,521		125,104
Professional Fees		48,137		59,830
Total	**$**	**251,424**	**$**	**356,030**

Operating

The Corporation incurred operating costs of $19,391 for the three months ended December 31, 2018 (2017 - $275,879). The decrease for the three months ended December 31, 2018 is a result of reduced costs related to exploration activity at the Corporation's Properties.

Total expenses

Total expenses for the three months ended December 31, 2018 was $316,821 (2017 - $711,499). The decrease for the three months ended December 31, 2018 is a result of cost savings measures which resulted in decreased general and administrative expenses.

FINANCIAL INTRUMENTS, 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 Corporation's 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 December 31, 2018, the Corporation had cash and cash equivalents of $363,743 compared with $323,923 at September 30, 2018. 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.

As at December 31, 2018, the Corporation's working capital was $342,678 (September 30, 2018 - $116,565).

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 $277,688 for the three months ended December 31, 2018 (2017 - $693,202) and had negative cash flows from operating activities of $417,975 (2017 - $939,588). The condensed interim 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 condensed interim 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 October 1, 2018	260,286
Additions	-
Balance as at December 31, 2018	**260,286**
Accumulated Depreciation	
Balance as at October 1, 2018	90,725
Charge for the year	8,675
Balance as at December 31, 2018	99,400
Net book value	
September 30, 2018	169,561
December 31, 2018	**160,886**

EXPLORATION AND EVALUATION ASSETS

	Jackpot Project	Sheep Creek Gold District	Tungsten Tailings Project	Old Timer Project	Total
Balance at October 1, 2018	**$ 500,135**	**$ 1,193,563**	**$ 192,910**	**$ -**	**$ 1,886,608**
Cash option payments	60,000	-	-	5,000	65,000
Share option payments	3,481	-	-	-	3,481
Exploration costs	83,359	116,218	-	8,026	207,603
Balance at December 31, 2018	**$ 646,975**	**$ 1,309,781**	**$ 192,910**	**$ 13,026**	**$ 2,162,692**

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.

Jersey Emerald Property

During the three months ended December 31, 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 were also impaired for an aggregate total of $6,290,357.

Jackpot Project (formerly Kootenay Arc Zinc Project)

During the three months ended December 31, 2018, the Corporation paid $60,000 (2017 - $30,000) cash in option payments and issued 150,000 shares (2017 – 50,000). The shares were valued at $5,250 less a discount of $1,769 (2017 - $43,500 less a discount of $9,489) which has been applied due a resale restriction on the shares (note 6).

The Corporation incurred $116,218 of E&E costs on the property during the three months ended December 31, 2018 (2017 - $64,442) relating to exploration activity.

Sheep Creek Gold District

The Corporation incurred $116,218 of E&E costs on the Sheep Creek Gold District during the three months ended December 31, 2018 (2017 - $176,149) relating to exploration activity.

Old Timer Project

During the three months ended December 31, 2018, the Corporation signed a letter of intent ("LOI") with a third party to option the Old Timer gold property, near Salmo in southern British Columbia. Terms of the Option Agreement include staged payments totalling $50,000 and 500,000 common shares ("Shares") of the Corporation over a 4 year period, for the Corporation to acquire a 100% interest in the Property.

Upon board approval and signing the LOI, the Corporation paid $5,000 cash in option payments. The Corporation incurred $8,026 of E&E costs on the Old Timer Project relating to exploration activity during the three months ended December 31, 2018.

RELATED PARTY TRANSACTIONS

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

As at December 31, 2018, the Corporation had an amount of $18,948 (2017 - $nil) due to directors and officers included in trade and other payables.

During the three months ended December 31, 2018 the Corporation paid $37,500 (2017 - $31,000) to an officer for compensation as Vice President Exploration of the Corporation. Costs associated with exploration costs of $1,691 (2017 - $nil) was paid to an officer of the Corporation and was capitalized as exploration costs.

An aggregate of $20,000 (2017 - $7,500) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

An aggregate of $62,500 (2017 - $52,500) 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 $235 (2017 - $17,413) 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 property and equipment of $nil (2017-$10,250) was reimbursed to a director and officer of the Corporation recorded in property and equipment on the statement of financial position.

Compensation of key management personnel

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

	December 31, 2018	December 31, 2017
	$	$
Short-term compensation	**120,000**	91,000
Share-based payments	**37,331**	69,171
Capitalized share-based payments	**3,549**	6,344
Total	**160,880**	166,515

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, 2018	61,718,201	$12,897,443
Shares issued (a)(b)	13,212,666	792,648
Share option payments (c)	150,000	5,250
Share issue costs		(65,799)
Warrant Allocation		(185,744)
Balance at December 31, 2018	**75,080,867**	**$13,443,798**

Warrants

	Number of warrants	Share capital
Balance at October 1, 2018	14,068,627	$2,976,630
Warrants issued (b)	10,583,100	185,744
Warrants expired	(6,104,000)	(1,313,906)
Balance at December 31, 2018	**18,547,727**	**$1,848,468**

Total share capital at October 1, 2018	$15,874,073
Total share capital at December 31, 2018	**$15,292,266**

(a) On October 16, 2018, the Corporation closed on a non-brokered private placement of 7,033,100 units of the Corporation at a purchase price of $0.08 per unit and 2,379,566 common shares issued on a "CEE flow-through" basis at a purchase price of $0.10 per unit for total proceeds of $800,605 ($316,957 was received in the year ended September 30, 2018). Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.15 per warrant for a period of two years from October 16, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $0.20 per share.

(b) On December 5, 2018, the Corporation closed on a non-brokered private placement of 3,550,000 units of the Corporation at a purchase price of $0.08 per unit and 250,000 common shares issued on a "CEE flow-through" basis at a purchase price of $0.10 per unit for total proceeds of $309,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.15 per warrant for a period of two years from December 5, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds $0.20 per share.

As part of the non-flow through units issued on October 16, 2018 and December 5, 2018 subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.15 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $185,744 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	1.91% – 2.33%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	96% - 105%
Weighted-average fair value	$0.01 - $0.02
Expected Life	2 years

(c) On December 1, 2018, the Corporation issued 150,000 common shares valued at a market price of $0.04 per common share as per the Jackpot/Oxide Property option agreement signed on October 12, 2016. The shares carry a resale restriction that expire on April 1, 2019.

FLOW-THROUGH SHARES

During the three months ended December 31, 2018, the Corporation raised $262,957 on a CEE flow-through share basis and was required to incur a net total of $262,957 of qualifying expenditures to renounce the tax deductions to investors. As at December 31, 2018, all of the qualifying expenditures were incurred.

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 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 October 1, 2018	5,743,333	$0.24
Forfeited	(358,333)	$0.21
Exercisable as at December 31, 2018	3,904,993	**$0.25**
Outstanding at December 31, 2018	5,385,000	**$0.24**

No options were issued during the three months ended December 31, 2018. At December 31, 2018, the weighted-average life of the options outstanding was 3.9 years (2017 – 3.5 years).

Share-based payments expense of $37,331 for the three months ended December 31, 2018 (December 31, 2017 – $69,171) 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 $3,549 (2017 - $6,344) 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 the condensed interim financial statements for the three months ended December 30, 2018 and 2017.

The Management of the Corporation has filed the Venture Issuer Basic Certificate with the filings for the three months ended December 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 condensed interim 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.

CRTITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the condensed interim financial statements is in conformity with IFRS. Preparing the condensed interim 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 condensed interim 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 condensed interim 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 three months ended December 31, 2018 relates to $363,743 (September 30, 2018 – $323,923) of cash and $33,121 (September 30, 2018 – $45,047) of trade receivables for three months ended December 31, 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