



# TROILUS

**TROILUS GOLD CORP.**  
(formerly Pitchblack Resources Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended  
April 30, 2018

# Management's Discussion and Analysis

For the three and nine months ended April 30, 2018

---

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Troilus Gold Corp. ("we", "our", "us", "Troilus", or the "Company") for the three and nine months ended April 30, 2018 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended April 30, 2018, as well as the Company's Audited Annual Financial Statements for the year ended July 31, 2017, which is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") as part of the Management Information Circular, dated November 22, 2017, which described the reverse acquisition transaction. The financial statements and related notes of Troilus have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain Non-IFRS measures are discussed in this MD&A and are clearly disclosed as such. Additional information, including our press releases, have been filed electronically on SEDAR and is available online under our profile at [www.sedar.com](http://www.sedar.com) and on our website at [www.troilusgold.com](http://www.troilusgold.com).

This MD&A reports our activities through June 7, 2018 unless otherwise indicated. References to the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2018 or Q1-,Q2- and Q3-2018, and the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2017 or Q1-,Q2- and Q3-2017 mean the three months ended October 31, 2017, January 31, and April 30, 2018 and October 31, 2016, January 31, and April 30, 2017 respectively. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Blake Hylands, P.Geo, Vice-President of Exploration for Troilus, is the in-house Qualified Person under National Instrument 43-101 and has reviewed and approved the scientific and technical information in this MD&A.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to Troilus, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to: possible events, the future price of gold, the estimation of mineral reserves and mineral resources, potential upgrades and/or expansion of the mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "anticipates", "plans", "expects", "indicative", "intend", "scheduled", "timeline", "estimates", "forecasts", "guidance", "opportunity", "outlook", "potential", "projected", "schedule", "seek", "strategy", "study" (including, without limitation, as may be qualified by "feasibility" and "pre-feasibility"), "targets", "models", or "believes", or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "would", or "should", "might", or "will be taken", "occur" or "be achieved" and similar expressions identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Belo Sun and its external professional advisors as of

the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk and Uncertainties" section of the Management Information Circular dated November 22, 2017 (filed on SEDAR) and this MD&A. These factors are not intended to represent a complete list of the factors that could affect the Company. Economic analyses (including mineral reserve and mineral resource estimates) in technical reports are based on commodity prices, costs, sales, revenue and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated. Troilus disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent events and such forward-looking information, except to the extent required by applicable law and regulations.

## **OVERVIEW**

In December 2017, the Company closed a transaction whereby it acquired an option to acquire a 100% interest in a past-producing gold mine located approximately 450 km northeast of Val-d'Or, Quebec, ("the Troilus project") through a reverse acquisition. The Company changed its name from Pitchblack Resources Ltd. ("Pitchblack") to Troilus Gold Corp. upon closing of this transaction.

The option to acquire the Troilus project was held by 2507868 Ontario Inc. ("250") and 2513924 Ontario Inc. ("251). On December 20, 2017, 250, 251 and a newly incorporated subsidiary of Pitchblack amalgamated, and the Company acquired 100% of the shares of the amalgamated entity. Management determined that this transaction constituted a reverse acquisition in accordance the policies of the TSX Venture Exchange whereby the net assets of the Company are deemed to have been acquired by 250. The Company has adopted the fiscal year end of 250, which is July 31, and comparative figures are those of 250 prior to the reverse acquisition.

In May 2016, 250 entered into an option agreement with First Quantum Minerals Ltd. ("First Quantum") to acquire the Troilus project. To exercise the option, a minimum of \$1,000,000 must be spent on engineering and technical studies. The Company has met this expenditure commitment. Option payments of \$100,000 were paid in each of May 2016, May 2017 and February 2018. The Company formally exercised the option in April 2018 and now officially own 100% of the Troilus project. The Company and First Quantum entered into a liabilities assignment agreement and a royalty agreement whereby a variable Net Smelter Royalty of 1.5% or 2.5% depending on the gold price being more or less than US\$1,250/ounce during the reference period has been granted to First Quantum.

The Company's focus is on mineral expansion and a potential restart of the former gold and copper Troilus mine located northwest of the Val-d'Or district in Quebec, which produced more than 2,000,000 ounces of gold and nearly 70,000 tonnes of copper from 1997 to 2010. The acquisition of the Troilus project includes all infrastructure, including power lines, camp buildings, permitted tailings pond and associated water treatment facilities.

## **OUTLOOK**

The Company's short- and long-term goals to advance mineral expansion of the Troilus project and potentially restart the mine include:

- Complete a 30,000 metre drill program, which commenced in early February 2018. It is expected that this drill program will be completed before the end of the summer, 2018.
- Continue with a regional exploration program using the funds from the recently announced flow through financing (see May 14, 2018 press release).
- Longer term, the Company plans to complete a Preliminary Economic Assessment ("PEA") to understand the economics of a possible reopening of the Troilus mine in an underground scenario (versus open pit). It is expected that this PEA will be completed in 2019 following the release of an updated resource estimate.
- It is the Company's intention to continue development of the Troilus project after the completion of the 30,000 metre drilling campaign. Upon completion of the PEA, management will expand drilling to the reserve category and continue engineering to the Preliminary Feasibility Study and Bankable Feasibility Study stages.

## **THE TRANSACTION**

On December 20, 2017, the Company completed a transaction which constituted a reverse acquisition.

The Company, formerly called Pitchblack, acquired an entity resulting from the amalgamation of 250, 251 and a newly created subsidiary of Pitchblack. On closing, this entity became a 100% subsidiary of the Company and became known as TLG Project Inc. 250 was a subsidiary of Sulliden Mining Capital Inc. ("Sulliden"). 250 held the option to acquire a 100% interest in the Troilus project, and had granted 251 an irrevocable and exclusive option to acquire a 40% undivided interest in the Troilus project. Upon closing of the reverse acquisition, the Company issued 10,000,000 shares to the shareholders of 251 and 15,000,000 to Sulliden as consideration for their respective interest in the Troilus project. Upon amalgamation of these companies, the Company acquired a 100% interest in the option to acquire the Troilus project. In February 2018, the Company and TLG Project Inc. amalgamated, and with the exercise of the option, the Company now owns 100% of the Troilus project directly.

250 had completed a private placement financing in November 2017 issuing 14,030,000 subscription receipts, with each subscription receipt entitling the holder to receive one common share of 250 and one common share purchase warrant. The subscription was priced at \$1.64 per subscription, and total gross proceeds raised was \$23,009,200. For accounting purposes, 250 was treated as the accounting parent company (legal subsidiary), 251 was treated as a subsidiary, and the Company was treated as the accounting subsidiary (legal parent) in the condensed interim consolidated financial statements. As 250 was deemed to be the acquirer for accounting purposes, the consolidated financial statements include the results of operations of the Company and 251 from the date of the transaction, December 20, 2017 and the results of 250 since inception. As Pitchblack and 251 did not qualify as businesses according to the definition in IFRS 3 Business Combinations, this reverse acquisition does not constitute a business combination. It has been accounted for in accordance with IFRS 2 Share-based Payments, such that 250 is deemed to have issued shares in exchange for the net assets of Pitchblack and 251 together with Pitchblack's TSX-V listing status.

## TROILUS PROJECT

The Troilus property is located approximately 175 km by road from the town of Chibougamau, Quebec, Canada. The property consists of 81 mineral claims and one surveyed mining lease that collectively cover approximately 4,700 hectares. The acquisition will include all infrastructure such as roads, power lines, camp buildings, permitted tailings pond, and associated water treatment facilities.

From 1997 to 2010 Inmet Mining Corporation ("Inmet") operated the Troilus Mine, which produced in excess of 2,000,000 ounces of gold and 70,000 tonnes of copper. Inmet commissioned the Troilus mill in 1996 and achieved commercial production in April 1997 at a rate of 10,000 tonnes per day with recoveries of 86% gold and 90% copper and a concentrate grade of 18% copper, eventually reaching a production milestone of 18,000 tonnes per day. First Quantum acquired the Troilus property through its acquisition of Inmet in 2013. Site restoration work at the mine site property began after the mine closed and is approximately 95% completed.

A technical report dated November 20, 2017 was filed by Pitchblack on November 27, 2017. During the option period, initial desktop and compilation work was done by 250 in order to evaluate the economic potential of Troilus and satisfy the work commitment of the option agreement.

The Company has opened a local office in the town of Chibougamau, Quebec and opened an information center in the Cree Nation town of Mistissini.

### Exploration activities

In February 2018, the Company commenced a 30,000 metre drill program. Troilus has engaged the services of Forages Chibougamau Ltée, and drills were mobilized on site February 2<sup>nd</sup> (see press release dated February 5, 2018 at [www.troilusgold.com](http://www.troilusgold.com)). The program is focusing on two primary areas: Z87 and J4 & J5. This summer, the Company will be carrying out a summer exploration program mostly focused on the Southwest Zone. The key goals and objectives of our exploration program are as follows:

#### **1) Z87:**

Expand defined underground mineral resource down dip and along strike below the historic producing Z87 open pit.

From 1996 to 2010, Z87 produced the majority of the over 2 million ounces of gold and 70,000 tonnes of copper at the Troilus Project. The Z87 pit was ultimately 350 metres deep and had a strike of approximately 900 metres. The Z87 zone, is the focus of the current underground estimated mineral resource representing over 1.6 million ounces of indicated and 360,000 ounces of inferred material.

Mineralization at the Troilus Project is hosted in breccias and amphibolite grade metamorphic rocks within a much broader, 4.5 km by 400 m, metamorphosed diorite, known as the Troilus Diorite. Fine-grained disseminated gold accounts for approximately 90% of mineralization at Troilus, primarily as native gold and electrum with grains as large as 20 microns. Chalcopyrite, Pyrite, and Pyrrhotite are broadly disseminated throughout the ore body, which are rarely associated with gold (<1-3%). Vein-hosted gold

accounts for approximately 10% of mineralization which are responsible for high grade intercepts (>50gpt over 1 m) at Troilus.

The broad geology and style of mineralization at Z87 creates a large deposit area, nearly 1 kilometre along strike and 30-50 metres wide, which remains open both along strike and down dip. The 2018 Winter/ Spring drill program at Z87 is designed to:

- Expand and infill certain areas of our existing underground resource;
- Convert and upgrade inferred material along the flanks and down dip extension of underground estimated mineral resource to an indicated category; and
- Expand down dip estimated mineral resource and show potential for further expansion through focused infill and stepout drilling.

The first seven (7) holes drilled at the Troilus Project were designed to confirm the lower extent of gold and copper results from historic drilling below the Z87 open pit and to develop a better understanding of mineralization and lithological characteristics of the Troilus deposit to guide next phases of drilling.

#### Highlights from holes TLG-Z8718-001, 002, 003, and 004:

- **1.7 grams per tonne gold (g/t Au) and 0.213 percent copper (% Cu) for 2.04 grams per tonne gold equivalent (g/t AuEq) over 44 metres, including 6.94 g/t AuEq over 4.7 metres** within the targeted Troilus Diorite in hole TLG-Z8718-001.
- **1.49 g/t gold and 0.138% Cu for 1.71 g/t AuEq over 47m, including 8.08 g/t AuEq over 3.9m** within the Troilus Diorite in hole TLG-Z8718-002
- **1.99 grams per tonne gold (g/t Au) and 0.18 percent copper (% Cu) for 2.28 grams per tonne gold equivalent (g/t AuEq) over 41 metres, including 4.06 g/t AuEq over 6 metres** within a broader mineralized zone of **1.42 g/t Au and 0.13% Cu for 1.63 g/t AuEq over 76 metres** within the targeted Troilus Diorite in hole TLG-Z8718-003.
- **1.43 g/t gold and 0.13% Cu for 1.64 g/t AuEq over 44.9m, including 3.98 g/t AuEq over 5.4m** within a broader mineralized zone of **1.11 g/t Au and 0.09% Cu for 1.26 g/t AuEq over 73 metres** within the Troilus Diorite in hole TLG-Z8718-004

\*Metal grades uncut

\*\*AuEq based on \$1300/oz Au, \$3/lb Cu and 100% recovery.  $Au\ g/t + (Cu\ g/t * Cu\ price\ (g))/Au\ price\ (g)$

#### 2) J4 & J5:

Expand mineral resource below historic producing J4 and J5 open pits to show potential near surface mineralization.

J4 and J5, two smaller scale historic open pits located 200m and 1km directly northeast of Z87 are characterized by the same mineralization and geology as Z87; both remaining open at depth and along strike.

Our inherited database, suggests the potential for additional near surface mineralization at J4 and J5, and potentially signifies open pitable resource opportunities. The objective of the Winter/ Spring drill campaign at J4 and J5 is to expand the open pit and underground estimated mineral resource below these

lesser historic pits, with the intent of recognizing material that could contribute to an early production scenario.

There are presently three drills operating at the Troilus Project, having completed approximately 23,000 of the planned 30,000 metres of drilling. Sampling from over 40 holes have been sent to laboratory for assaying.

Drilling below the J4 and J5 historic open pits to show down dip expansion are nearing completion, as well as deep extensions below the current estimated inferred mineral resource at Z87.

### 3) Southwest Zone

Based on historic drilling success, initiate near surface exploration 3.5 km southwest of Z87 open pit along the Troilus Diorite boundary.

The Southwest Zone is located along the margin of the Troilus Diorite and surrounding volcanics, 3.5 km southwest of Z87. Historically this area exhibited significant mineralization from drilling including intercepts as high as 36m at 1.23g/t Au, and 18m at 1.06g/t Au. Historic drilling in this area is limited, leaving the opportunity to explore, and potentially outline new mineralization at surface.

The Southwest Zone exemplifies near term, blue sky opportunity at Troilus, and will be the initial focus of a significant, property wide exploration program. The Troilus Diorite remains underexplored and highly prospective.

#### Current Mineral Resource Estimates

##### OPEN PIT AND UNDERGROUND MINERAL RESOURCE ESTIMATE

Troilus Gold Corp. - Troilus project

Classification	Tonnage		Cu (%)	AuEq (g/t)	Contained	Contained	Contained
	(MT)	Au (g/t)			Gold ('000 oz)	Copper (Mlb)	AuEq ('000 oz)
Indicated	44.0	1.27	0.120	1.45	1,789	116.5	2,054
Inferred	18.7	1.03	0.084	1.16	622	34.8	701

*Prepared by Roscoe Postle Associates Inc.*

#### Notes:

1. The Canadian Institute of Mining, Metallurgy and Petroleum (CIM), definitions were followed for Mineral Resource Estimates.
2. Open pit Mineral Resources were estimated at a cut-off grade of 0.3 g/t Au and were constrained by a Whittle pit shell. Underground Mineral Resources were estimated at a cut-off grade of 0.8 g/t Au.
3. Mineral Resources were estimated using long-term metal prices of US\$1,500 per ounce gold and US\$3.50 per pound copper; and an exchange rate of US\$1.00 = C\$1.1.
4.  $AuEq = (34.59 \times Au \text{ grade} + 54.02 \times Cu \text{ grade}) / 34.59$ .
5. A recovery of 83% was used for gold and 92% for copper.
6. The quantity and grade of the reported estimated inferred mineral resources are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

7. Mineral resources are not mineral reserves and have not demonstrated economic viability.
8. The Troilus Project Mineral Resource Estimates were prepared by Luke Evans, M.Sc., P.Eng. and Tudorel Ciuculescu, M.Sc., P.Geo., Qualified Persons under NI 43-101 who are independent of the Company
9. The effective date of the Mineral Resource Estimate is June 30, 2016.

**UNDERGROUND MINERAL RESOURCES**  
Troilus Gold Corp. - Troilus project

Classification	Zone	Tonnage			AuEq (g/t)	Contained	Contained	Contained
		(MT)	Au (g/t)	Cu (%)		Gold ('000 oz)	Copper (Mlb)	AuEq ('000 oz)
Indicated	Z87	29.6	1.48	0.157	1.72	1,403	102.2	1,635
	J4	-	-	-	-	-	-	-
	J5	-	-	-	-	-	-	-
<b>Total</b>		<b>29.6</b>	<b>1.48</b>	<b>0.157</b>	<b>1.72</b>	<b>1,403</b>	<b>102.2</b>	<b>1,635</b>
Inferred	Z87	7.9	1.19	0.138	1.41	305	24.2	360
	J4	4.4	1.15	0.040	1.21	163	3.9	172
	J5	0.3	0.98	0.045	1.05	10	0.3	11
<b>Total</b>		<b>12.6</b>	<b>1.18</b>	<b>0.102</b>	<b>1.33</b>	<b>478</b>	<b>28.4</b>	<b>543</b>

*Prepared by Roscoe Postle Associates Inc.*

Notes:

1. The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for Mineral Resource Estimates.
2. Mineral Resources were estimated at a cut-off grade of 0.8 g/t Au.
3. Mineral Resources were estimated using long-term metal prices of US\$1,500 per ounce gold and US\$3.50 per pound copper; and an exchange rate of US\$1.00 = C\$1.1.
4.  $AuEq = (34.59 \times Au \text{ grade} + 54.02 \times Cu \text{ grade}) / 34.59$ .
5. A recovery of 83% was used for gold and 92% for copper.
6. Numbers may not add due to rounding.
7. The quantity and grade of the reported estimated inferred mineral resources are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
8. Mineral resources are not mineral reserves and have not demonstrated economic viability.
9. The Troilus Project Mineral Resource Estimates were prepared by Luke Evans, M.Sc., P.Eng. and Tudorel Ciuculescu, M.Sc., P.Geo., Qualified Persons under NI 43-101 who are independent of the Company.
10. The effective date of the Mineral Resource Estimate is June 30, 2016.



OPEN PIT MINERAL RESOURCES  
Troilus Gold Corp. - Troilus project

Classification	Zone	Tonnage (MT)	Au (g/t)	Cu (%)	AuEq (g/t)	Contained Gold ( <sup>'000</sup> oz)	Contained Copper (Mlb)	Contained AuEq ( <sup>'000</sup> oz)
Indicated	Z87	-	-	-	-	-	-	-
	J4	12.2	0.84	0.044	0.91	329	12	356
	J5	2.2	0.80	0.052	0.88	57	3	63
Total		14.4	0.83	0.045	9.00	386	14.3	419
Inferred	Z87	-	-	-	-	-	-	-
	J4	2.9	0.85	0.043	0.92	81	2.8	87
	J5	0.7	0.78	0.059	0.87	18	0.9	20
	J4Low	2.5	0.56	0.049	0.64	45	2.7	51
Total		6.1	0.73	0.048	0.81	144	6.4	158

*Prepared by Roscoe Postle Associates Inc.*

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources were estimated at a cut-off grade of 0.3 g/t Au and were constrained by a Whittle pit shell.
3. Mineral Resources were estimated using long-term metal prices of US\$1,500 per ounce gold and US\$3.50 per pound copper; and an exchange rate of US\$1.00 = C\$1.1.
4.  $AuEq = (34.59 \times Au \text{ grade} + 54.02 \times Cu \text{ grade}) / 34.59$ .
5. A recovery of 83% was used for gold and 92% for copper.
6. Numbers may not add due to rounding.
7. The quantity and grade of the reported estimated inferred mineral resources are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
8. Mineral resources are not mineral reserves and have not demonstrated economic viability.
9. The Troilus Project Mineral Resource Estimates were prepared by Luke Evans, M.Sc., P.Eng. and Tudorel Ciuculescu, M.Sc., P.Geo, Qualified Persons under NI 43-101 who are independent of the Company.
10. The effective date of the Mineral Resource Estimate is June 30, 2016.

Expenditures on the project:

	Three months ended April 30,		Nine months ended April 30,	
	2018	2017	2018	2017
<b>Exploration and evaluation expenses:</b>				
Drilling and assaying	\$ 1,820,786	\$ -	\$ 1,820,786	\$ -
Salaries, payroll costs and consultants	378,199	95,750	533,071	281,000
Site and camp costs	236,946	-	243,653	-
Support and other costs	154,681	-	160,118	-
Mineral resource update	70,288	-	104,090	38,394
Government and community relations	2,603	13,500	29,641	40,500
Travel	50,532	7,900	65,642	19,772
Option acquisition costs	381,647	-	381,647	28,979
Non-cash option acquisition cost	-	-	10,976,758	-
	<b>\$ 3,095,682</b>	<b>\$ 117,150</b>	<b>\$ 14,315,406</b>	<b>\$ 408,645</b>

**RESULTS OF OPERATIONS**

	Three months ended April 30		Nine months ended April 30	
	2018	2017	2018	2017
<b>Expenses</b>				
Exploration and evaluation expenses	\$ 3,095,682	\$ 117,150	\$ 14,315,406	\$ 408,645
Reclamation estimate	3,536,448	-	3,536,448	-
General and administrative expenses	776,790	-	2,878,350	-
Depreciation	9,261	-	9,261	-
Stock-based compensation	-	-	4,791,023	-
	<b>7,418,181</b>	<b>117,150</b>	<b>25,530,488</b>	<b>408,645</b>
<b>Other (income)/expenses</b>				
Interest income	(67,128)	-	(81,484)	-
Other gains and losses	5,416	-	(3,040)	-
Transaction expenses	180,000	-	3,439,632	-
	<b>\$ 7,536,469</b>	<b>\$ 117,150</b>	<b>\$ 28,885,596</b>	<b>\$ 408,645</b>
<b>Net comprehensive loss for the period</b>	<b>\$ 7,536,469</b>	<b>\$ 117,150</b>	<b>\$ 28,885,596</b>	<b>\$ 408,645</b>

The Company recorded a net loss of \$7,536,469 for the three months ended April 30, 2018, and a loss of \$28,885,596 for the nine months ended April 30, 2018. Prior to the close of the acquisition, the Company's results of operations are those of 250, a former subsidiary of Sulliden, and costs included those related specifically to the project and did not include administrative costs.

Exploration and evaluation expenses and engineering costs are detailed in the Exploration section of this report above. Costs during Q3-2018 increased significantly compared to Q3-2017, and compared to Q2-2018. The Company commenced a 30,000 metre drill program during Q3-2018 and overall costs increased

as a result of this increased activity. Payroll costs increased with the addition of new staff and consultants, as well as the use of contracted labourers. The Company incurred additional costs for the exercise of the option to acquire the Troilus project during Q3-2018, including the \$100,000 option payment and other legal and administrative costs. Costs in previous quarters and the comparative quarter include costs incurred by the Company to evaluate the economic viability of exercising the Troilus option and prepare the internal desktop studies and engineering and technical studies required by First Quantum to exercise the option agreement. These internal studies led the Company to a decision to exercise the option, begin the 30,000 metre exploration program and commit to prepare a PEA, expected to be completed in 2019. Exploration and PEA costs are expected to exceed \$7,500,000 between February and December 2018. Upon acquisition of 100% of the Troilus project in April 2018, the Company recognized a reclamation provision from previous activity at the Troilus site based on an estimate of anticipated future costs for reclamation. This charge is recorded as a reclamation estimate in the statement of operations. As well, exploration and evaluation costs for the nine months ended April 30, 2018 include a non-cash option acquisition cost representing the net assets less consideration paid in shares to acquire 251. The Company issued 10,000,000 shares with a value of \$10,977,758, to the shareholders of 251, and 251 had \$1,000 in current assets.

General and administrative expenses are detailed below:

	Three months ended April 30,		Nine months ended April 30,	
	2018	2017	2018	2017
General and administrative expenses :				
Salaries, payroll costs and consultants	\$ 517,094	\$ -	\$ 1,985,494	\$ -
Professional costs	43,316	-	119,143	-
Shareholder communications	133,007	-	630,409	-
Office and general	75,033	-	105,799	-
Travel	2,547	-	18,771	-
Mining claim costs, non-core properties	5,793	-	18,734	-
	\$ 776,790	\$ -	\$ 2,878,350	\$ -

The Company's payroll costs commenced from the time of acquisition and is anticipated to be a regular cost going forward. During the nine months ended April 30, 2018, bonuses were granted to directors, officers and consultants of the Company to reward the efforts involved in completing the acquisition and the resulting transition, and are included in Salaries, payroll costs and consultants. Shareholder communications includes regulatory costs, as well as investor relations programs that the Company initiated post acquisition. Also included in general and administration costs are claim maintenance costs for the non-core properties inherited from Pitchblack.

The Company granted 3,905,000 stock options to directors, officers, employees and consultants of the Company in January 2018, resulting in stock-based compensation expense of \$nil and \$4,791,023 for the three and nine months ended April 30, 2018 respectively.

The Company earned interest income of \$67,128 and \$81,484 during the three and nine months ended April 30, 2018 respectively. The Company has invested excess cash in highly liquid, high-interest savings accounts resulting in this interest income.

Transaction expenses is the accounting expense recorded from the reverse acquisition. This results from subtracting the value of the consideration paid from the net assets acquired. The net assets acquired was (\$542,563) as Pitchblack carried \$1,792,890 in liabilities. The consideration was measured at the fair value of the shares issued for the acquisition. As this was a reverse acquisition, it is deemed that the Company issued 2,480,620 common shares, valued at \$2,723,165, which was the number of Pitchblack shares outstanding at the time of acquisition – these are the shares 250 would have had to issue to the shareholders of Pitchblack.

### SUMMARY OF QUARTERLY RESULTS

	April 30, 2018 Q3-2018	January 31, 2018 Q2-2018	October 31, 2017 Q1-2018	July 31, 2017 Q4-2017
Interest income	\$ 67,128	\$ 14,356	\$ -	\$ -
Net loss and comprehensive loss	(7,536,469)	(21,238,837)	(110,290)	(222,052)
Basic and diluted net loss per share	(\$0.21)	(\$0.67)	(\$0.07)	(\$0.15)
Total assets	16,752,393	18,226,982	-	-

	April 30, 2017 Q3-2017	January 31, 2017 Q2-2017	October 31, 2016 Q1-2017	July 31, 2016 Q4-2016
Interest income	\$ -	\$ -	\$ -	\$ -
Net loss and comprehensive loss	(117,150)	(141,087)	(150,407)	(188,898)
Basic and diluted net loss per share	(\$0.08)	(\$0.09)	(\$0.10)	(\$0.13)
Total assets	-	-	-	-

As a result of the reverse acquisition, comparative figures are those of 250 prior to the reverse acquisition. The Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures in order to enhance the relevance of these costs and improve comparability among peers. The new policy was adopted at the completion of the reverse acquisition and has been applied retrospectively. In prior periods, the Company's policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this policy to expense exploration expenditures as incurred, on a retroactive basis.

Prior to the reverse acquisition, 250 was a subsidiary of Sulliden. 250 did not have a bank account, and Sulliden funded their project expenditures. As a result, the Company did not record assets until Q2-2018, where the Company completed a private placement financing, and completed the reverse acquisition.

Total assets decreased in Q3-2018 as a result of cash expenditures on exploration properties, which are expensed to the statement of operations.

The loss recorded during Q2-2018 includes an option acquisition expense related to the acquisition of 251 of \$10,976,758, and a listing transaction expense of \$3,439,632, which represents the net assets of Pitchblack acquired less consideration provided. As well, the Company issued stock options during Q2-2018 generating a non-cash stock-based compensation expense of \$4,791,023. The loss in Q3-2018 includes exploration costs as the Company commenced its drill program during this period. As well, the Company recorded a reclamation expense estimate of \$3,536,448 during Q3-2018. This quarter also includes a full quarter of corporate costs.

## **LIQUIDITY AND CAPITAL RESOURCES**

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company currently has a negative operating cash flow and finances its mineral exploration through equity financings. The Company's financial success will be dependent on the economic viability of its mineral exploration and development properties and the extent to which it can establish economic mineral reserves and operations.

The Company had working capital (see Non-IFRS Measures) of \$8,553,554 as at April 30, 2018 (July 31, 2017 – a working capital deficit of \$819,593) including cash and cash equivalents of \$11,165,054 (July 31, 2017 - \$nil).

The Company completed a private placement financing during the nine months ended April 30, 2018 , raising \$21,425,785 net of issue costs. Subsequent to the end of the quarter, the Company raised approximately \$15,575,000 in gross proceeds from a bought-deal private placement financing through the issuance of flow-through shares.

The Company entered into an equipment financing arrangement during Q3-2018 to acquire the camp facility. Monthly payments are required over a 24-month period with a buyout option at the end of the term. The total liability as at April 30, 2018 is \$434,236, where \$207,081 is current.

## **CASH FLOWS**

Cash used in operating activities during the nine months ended April 30, 2018 was \$5,998,957 compared to \$nil for the nine months ended April 30, 2017. The Company used \$6,132,474 on exploration and evaluation expenses, engineering costs and administrative expenses as described earlier in this report during the nine months ended April 30, 2018 (nine months ended April 30, 2017: \$408,645). Non-cash working capital provided \$133,517 during the nine months ended April 30, 2018 (nine months ended April 30, 2017: \$408,645). The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds; while a decrease in a liability (or an increase in an asset) account is a use of funds.

Cash provided by financing activities during the nine months ended April 30, 2018 was \$21,391,985 (nine months ended April 30, 2017: \$nil). The Company raised \$23,009,200 from a bought-deal private placement financing, paying \$1,583,415 in issue costs, including broker commissions. The Company also paid \$33,800 in equipment lease payments during the nine months ended April 31, 2018.

Cash used by investing activities during the nine months ended April 30, 2018 was \$4,227,974 (nine months ended April 30, 2017: \$nil). The Company received cash of \$138,308 acquired from the former Pitchblack. The Company paid \$393,306 in property and equipment expenditures as the Company installed its camp and other infrastructure at site. At the exercise of the option with First Quantum, the Company was required to pay \$3,972,976 as a reclamation deposit to the Quebec government as security against reclamation costs.

## NON-IFRS MEASURES

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. In the gold mining industry, it is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at April 30, 2018 and July 31, 2017.

	April 30, 2018	July 31, 2017
<b>Current assets:</b>		
Cash and cash equivalents	\$ 11,165,054	\$ -
Amounts receivable	633,390	-
Prepaid expenses	128,892	-
	<u>\$ 11,927,336</u>	<u>\$ -</u>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	2,395,263	819,593
Current portion of reclamation provision	771,438	-
Current portion of equipment financing arrangements	207,081	-
	<u>\$ 3,373,782</u>	<u>\$ 819,593</u>
Working capital/(deficiency), current assets less current liabilities	\$ 8,553,554	\$ (819,593)

## CAPITAL RISK MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the exploration and development of mineral properties. The capital of the Company consists of share capital, share purchase warrants and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended April 30, 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of April 30, 2018, the Company believes it is compliant with the policies of the TSXV.

### **COMMITMENT AND CONTINGENCIES**

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,150,000 and additional contingent payments of approximately \$4,700,000 upon the occurrence of a change of control. As a triggering effect for a change of control has not taken place, the contingent payments have not been reflected in these annual financial statements.

The Troilus project is subject to a variable net smelter royalty of 1.5% or 2.5% depending on whether the price of gold is above or below US\$1,250 per ounce, as well as an additional 1% royalty.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations

### **RELATED PARTY DISCLOSURES**

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

#### *Related party balances*

The Company shares office space, resources and certain services with other corporations that may have common directors and/or officers. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee of \$20,000, which commenced January 1, 2018. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

Sulliden Mining Capital Inc. (“Sulliden”) was the former shareholder of 250, and funded 250’s operations prior to the closing of the transaction. The Company’s CEO, Mr. Justin Reid, the Company’s President, Mr. Paul Pint and the Company’s Executive Director, Mr. Peter Tagliamonte, are former officers of Sulliden, having resigned subsequent to the closing of the transaction. During the three and nine months ended April 30, 2018, the Company was charged \$55,521 for costs paid by Sulliden, on behalf of the Company, after the closing of the transaction.

*Compensation of key management personnel of the Company*

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

	Three months ended April 30,		Nine months ended April 30,	
	2018	2017	2018	2017
Management salaries and fees	\$ 384,300	\$ -	\$ 926,390	\$ -
Directors fees	18,750	-	100,000	-
Share-based payments	-	-	2,667,317	-
	<u>\$ 403,050</u>	<u>\$ -</u>	<u>\$ 3,693,707</u>	<u>\$ -</u>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

**FINANCIAL INSTRUMENTS**

The carrying value of cash and cash equivalents, reclamation deposit, accounts payable and accrued liabilities and equipment financing arrangements approximate fair value due to the short-term nature of the financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the nine months ended April 30, 2018.

**Credit risk**

The Company's credit risk is primarily attributable to cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable represent input tax credit refunds from government bodies. Management believes that the credit risk concentration with respect to these financial instruments is remote.



### Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at April 30, 2018, the Company had current assets of \$11,927,336 to settle current liabilities of \$3,373,782. Approximately \$1,881,000 of the Company's financial liabilities as at April 30, 2018 have contractual maturities of less than 30 days and are subject to normal trade terms.

### Market risk - Interest rate risk

The Company's cash equivalents are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash and cash equivalent balances on hand at April 30, 2018, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately \$11,000.

## OUTSTANDING SHARE DATA

Number of:	As at April 30, 2018	As at June 7, 2018
Common Shares	41,510,620	49,430,620
Options	4,111,250	4,111,250
Warrants	14,030,000	14,030,000

## RISKS AND UNCERTAINTIES

### Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### Calculation of Mineral Resources

There is a degree of uncertainty attributable to the calculation and estimates of resources and the corresponding metal grades to be mined and recovered. Until resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral resources, grades and recoveries may affect the economic viability of the Company's operations.

### Environmental, Health and Safety Risks

Mining and exploration companies such as the Company must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions. The historical trend toward stricter laws is likely to continue. Mineral production companies are not only subject to the worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental damage, but also to additional risks uniquely associated with mineral mining and processing. The possibility of more stringent laws or more rigorous enforcement of existing laws exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining, milling, refining and conversion sites and other environmental matters, each of which could have a material adverse effect on the operations of the Company or the cost or the viability of a particular project.

### Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

### Commodity Prices

Precious metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, national fiscal policies, monetary systems and political developments. The price of gold and silver has fluctuated widely in recent years. Future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations. Moreover, the ability of the Company to fund its activities and the valuation of investor companies will depend significantly upon the market price of precious metals.

### Competition for Mineral Transaction Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, more established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms that the Company considers acceptable. If the Company is not able to acquire such interests, this could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

#### Exploration and Development Activities May Not be Successful

Exploration for, and development of, mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. The Company cannot ensure that its future exploration and development programs will result in profitable commercial mining operations.

Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis.

It is possible that actual costs and economic returns of future mining operations may differ materially from the Company's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on the Company's future cash flows, earnings results of operations and financial condition.

#### Properties May be Subject to Defects in Title

The Company has investigated its rights to exploit the Troilus Project and, to the best of its knowledge, its rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to its detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including aboriginal communities.

Some of the Company's mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to the Company mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. The Company has not determined which, if any, of the Company mineral claims is junior to a mineral claim held by a third party.

Although the Company is not aware of any existing title uncertainties with respect to the Troilus Project, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

#### Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

#### Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the holdings of existing shareholders.

### Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. A public trading market in the Common Shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Common Shares at any given time, which, in turn is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in securities of the Company will be established and sustained. The market price for the Company's securities could be subject to wide fluctuations, due to factors such as commodity prices, government regulation, the demand for precious metals, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, all of which could have an adverse effect on the market price of the Company. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

### Governmental Regulation and Policy Risks

Mining operations and exploration activities, particularly base metal mining, refining, conversion and transport, are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mineral mines and refining and other facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties such as the Troilus Project. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Troilus Project could materially and adversely affect the results of operations and financial condition of the Company in a particular period or in its long term business prospects. The development of mines and related facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licences and permits are subject to many variables outside the control of the Company, including potential legal challenges from various stakeholders such as environmental groups or non-government organizations. Any significant delays in obtaining or renewing such approvals, licences or permits could have a material adverse effect on the Company.

### Key Personnel

The senior officers of the Company will be critical to its success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition, particularly in Quebec, for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, regulatory and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

### Significant Shareholder

As a result of the Transaction, Sulliden owns a significant percentage of the Common Shares and will be able to exercise significant influence over the affairs of the Company. Sulliden owns approximately 31% of the Common Shares as at the date of this report. As a result, Sulliden would be able to influence or control matters requiring approval by the Shareholders, including the election of directors and the approval of mergers, acquisitions, changes of control or other extraordinary transactions. They may also have interests that differ from other Shareholders and may vote in a way with which may be adverse to the interests of other Shareholders. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Company, could deprive the Shareholders of an opportunity to receive a premium for their Common Shares as part of a sale of the Company and might ultimately affect the market price of the Common Shares.

### Conflicts of Interest

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

### Additional Financing Required

The Company will require additional financing in order to make further investments to develop the Troilus Project or take advantage of future opportunities and to grow its business. The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of Common Shares or other forms of convertible securities from

treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the securities of the Company would be diminished

#### Limited Business History

The Company has no history of positive earnings nor history of the payment of dividends, and it is unlikely that the Company will pay any dividends in the immediate or foreseeable future.

The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

The Company has limited financial resources and there is no assurance that additional funding will be available. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of a profitable resale of the Common Shares would be diminished.

#### No Revenues

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

#### Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

#### General Economic Conditions May Adversely Affect the Company's Growth

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy in general and the mining industry in particular. Many industries continue to be negatively impacted by these market conditions. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit,

the state of the financial markets, interest rates, tax rates may adversely affect the Company's growth and profitability.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies can be found in Note 3 of its condensed interim consolidated financial statements for the three and nine months ended April 30, 2018.

### Change in accounting policy – Exploration and evaluation expenditures

In order to enhance the relevance to the decision-making needs of users and improve comparability with our peers, the Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures, consistent with the guidance provided in IFRS 6 – Exploration for and Evaluation of Mineral Resources and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The new accounting policy was adopted at the completion of the acquisition of 250 and has been applied retrospectively. In prior periods the Company's policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditures as incurred, effective with the presentation of the Company's condensed interim consolidated financial statements for the three and nine months ended April 30, 2018, on a retrospective basis.

### New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. There was no material impact from the adoption of this standard.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is evaluating the impact of the adoption of this standard.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and

measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

IFRS 16 – Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is currently evaluating the impact of the adoption of IFRS 16.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

June 7, 2018