



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**For the three months ended March 31, 2019**

**May 22, 2019**

### **GENERAL**

This Management Discussion and Analysis ("MD&A") is dated May 22, 2019 and is in respect of the three month period ended March 31, 2019. The following discussion of the financial condition and results of operations of Metals Creek Resources Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three month period ended March 31, 2019.

The discussion should be read in conjunction with the condensed interim financial statements and corresponding notes to the condensed interim financial statements for the three month period ended March 31, 2019 and the annual audited financial statements and corresponding notes to the financial statements for the year ended December 31, 2018, the most recently completed fiscal period. The Company's annual audited financial statements have been prepared in accordance with International financial reporting standards ("IFRS"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars which is the Company's functional and reporting currency.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **GOING CONCERN**

The condensed interim financial statements of the Company for the three month period ended March 31, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition.

The Company is an exploration stage company that has not earned any significant revenues to date, is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

### **OVERVIEW OF BUSINESS**

The focus of the Company is to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching, and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists of projects focusing on gold, base metals and platinum group metals.

## FINANCIAL AND OPERATIONAL PERFORMANCE

### Financial Condition

The Company's cash balance as at March 31, 2019 was \$93,717 (December 31, 2018 - \$545,298) and short term investments totaling \$931,536 (December 31, 2018 - \$800,824) of which \$160,404 (December 31, 2018 - \$194,370) is restricted for flow-through purposes. All investments are held in fully liquid instruments with Canadian Financial Institutions.

Current assets of the Company as at March 31, 2019 were \$1,070,924 compared to \$1,399,274 as at December 31, 2018. The decrease was attributable to general and administrative expenses and exploration and evaluation expenses incurred during the period and funded from current assets.

Total assets as at March 31, 2019 were \$7,726,355 compared to \$7,972,191 as at December 31, 2018, a decrease related to general and administrative expenditures incurred during the current period.

Current liabilities as at March 31, 2019 were \$64,042 compared to \$203,565 at December 31, 2018 related to the timing of expenditures around the period end. In addition, as a result of the implementation of IFRS 16 – *Leases*, the current portion of lease liabilities in the amount of \$12,646 was recognized during the current period.

Shareholders' equity decreased to \$7,662,313 from \$7,768,626, as a result of the loss and comprehensive loss incurred during the current period.

### Results of Operations

The Company earned interest and investment income of \$4,061 during the period ended March 31, 2019 (March 31, 2018: \$4,209) as a result of investment income earned on short term investments during the period. In addition, the Company recorded a gain on sale of exploration and evaluation assets of nil (March 31, 2018: \$22,500) related to option agreements on the Jackson's Arm and Tilt Cove properties with Anaconda Mining Inc. in the previous year's comparative period. In addition, the Company recorded a gain on sale of investments of \$17,595 (March 31, 2018: nil) related to the sale of 250,000 shares of Spruce Ridge Resources.

Total expenses for the period ended March 31, 2019 were \$189,001 compared to \$460,760 for the previous year's comparative period, a change related to the significant increase in fair market value of the Company's long term investments during the current period (see ix below). After-tax Comprehensive loss for the period ended March 31, 2019 was \$153,574 or nil loss per share versus an after tax comprehensive loss of \$412,972 or \$0.01 loss per share in the previous year's comparative period, due to the above mentioned change in the value of long term investments that is recorded in the statement of loss and comprehensive loss.

Expenses incurred during the three month period ended March 31, 2019 consist of:

- i) Business development of \$21,594 (March 31, 2018 - \$29,306) (decreased due to a reduction in promotional and investor relations activity conducted in the current year)
- ii) Depreciation of capital assets and right-of-use assets of \$5,213 (March 31, 2018 - \$2,336) (increased due to implementation of IFRS 16 – *Leases*)
- iii) Office and general of \$31,335 (March 31, 2018 - \$24,069) (representing office supplies, printing, and presentations, consulting and occupancy costs)
- iv) Professional fees of \$9,777 (March 31, 2018 - \$15,500) (these amounts include legal, audit and accounting and consultants and decreased due to a consulting contract that was entered into during the previous year and has since expired)
- v) Salaries and benefits of \$93,812 (March 31, 2018 - \$76,825) (increased due to a lower level of personnel time charged to exploration and evaluation assets during the current period)
- vi) Share-based payments of \$47,261 (March 31, 2018 - \$47,814) (recorded upon vesting of stock options to employees, directors and officers and is dependent upon vesting levels in a given period)
- vii) Write-down of exploration and evaluation assets of \$2,719 (March 31, 2018 - \$5,958) (due to no near term work planned on certain of the Company's exploration and evaluation projects).

- viii) Pre-acquisition exploration and evaluation expenses of \$20,280 (March 31, 2018 - \$19,294) (which consists of costs incurred to evaluate potential exploration properties, prior to acquiring a legal right to the properties)
- ix) Adjustments to fair value for fair value through profit and loss investments of \$42,990 (unrealized gain) (March 31, 2018 - \$239,653 (unrealized loss)) (which represents the unrealized change in fair market value of the Company's long-term investments)

The cumulative deficit from inception of the Corporation is \$13,581,447.

### Cash Flows

Cash used in operating activities of \$304,873 during the period ended March 31, 2019 versus cash used in operating activities of \$44,440 in the comparative period, a change related to the large swing in the unrealized fair market value in long term investments and the use of cash related to the non-cash working capital items in the current that affected cash flows.

Cash flows used financing activities were \$134,127 in the current period versus cash flows from financing activities of \$396,739 in the prior year's comparative period, a change related to the timing of redemptions or purchases of short-term investments used to fund operations and principal repayments on lease liabilities as a result of the implementation of IFRS 16 – *Leases* during the current period.

Cash flows used in investing activities was \$12,581 for the period ended March 31, 2019 versus cash flows used in investing activities in the amount of \$316,427 for the comparative period, the decrease primarily due to a significant decline in exploration and evaluation activity in the current period compared to the previous year's period.

### SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the eight most recent completed quarters since incorporation.

|  | Period Ended Mar/19 | Period Ended Dec/18 | Period Ended Sept/18 | Period Ended Jun/18 | Period Ended Mar/18 | Period Ended Dec/17 | Period Ended Sept/17 | Period Ended June/17 |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Revenue – Interest Income (loss)           | \$4,061             | \$2,835             | \$2,772              | \$3,399             | \$4,209             | \$3,153             | \$3,452              | \$3,925              |
| Comprehensive Income (Loss) for the Period | \$(153,574)         | \$(213,536)         | \$199,351            | \$(321,040)         | \$(412,972)         | \$466,807           | \$(232,463)          | \$(96,371)           |
| Income (Loss) Per Share                    | -                   | -                   | -                    | -                   | \$(0.01)            | \$0.01              | -                    | -                    |

### SELECTED ANNUAL FINANCIAL INFORMATION

| Year Ended December 31                     | 2018         | 2017         | 2016         |
|--|--------------|--------------|--------------|
| Interest and investment income             | \$ 13,215    | \$ 14,922    | \$ 14,207    |
| Net loss and comprehensive loss before tax | \$ (800,104) | \$ (62,356)  | \$ (738,944) |
| Loss per share – basic and diluted         | \$ (0.01)    | \$ NIL       | \$ (0.02)    |
| Total assets                               | \$ 7,972,191 | \$ 7,900,406 | \$ 7,215,930 |
| Deferred income tax expense (recovery)     | \$ (51,907)  | \$ (5,426)   | \$ (116,185) |
| Dividends                                  | \$ NIL       | \$ NIL       | \$ NIL       |

### LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2019 the Company had cash of \$93,717 (December 31, 2018- \$545,298) and held short-term investments of \$931,536 (December 31, 2018: \$800,424) including \$160,404 in short-term investments restricted for flow-through purposes (December 31, 2018 – \$194,370). H.S.T from the Canada Revenue Agency and other receivables at March 31, 2019 were \$25,835 (December 31, 2018 - \$27,830). Prepaid expenses were \$4,086

(December 31, 2018 - \$9,572). Finally, staking security deposits were \$15,750 at March 31, 2019 (December 31, 2018 - \$15,750).

Current liabilities of \$64,042 at March 31, 2019 (December 31, 2018 - \$203,565) includes period end accruals for expenditures on mineral properties, legal and audit fees, consultants and other amounts as well as the current portion of lease liabilities related to the implementation of IFRS 16 – *Leases*. These were incurred in the normal course of business and settled subsequently.

Working capital at March 31, 2019 is \$1,006,882 (December 31, 2018- \$1,195,709).

During the year ended December 31, 2018, the Company announced the following private placements:

- In December 2018 the Company completed a private placement for aggregate gross proceeds of \$436,370 consisting of 4,840,000 non flow-through units at a price of \$0.05 per unit, each unit consisting of one common share and one common share purchase warrant exercisable at \$0.10 for 24 months following the issuance date and 3,534,000 flow-through units at a price of \$0.055 per unit, each flow-through unit consists of one flow-through common share and one-half of one non flow-through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share of the Company at an exercise price of \$0.10 per common share for a period of 24 months from the date of issuance.

In connection with the private placement, the company paid finders' fees equal to \$27,404.30 in cash and 485,840 common share purchase warrants issued on the same terms as the non flow-through and flow-through warrants.

- The Company completed a private placement for aggregate gross proceeds of \$275,000 consisting of 1,800,000 non-flow through units at a price of \$0.05 per unit, each unit consisting of one common share and one common share purchase warrant exercisable at \$0.10 for 24 months following the issuance date and 3,083,333 flow-through units at a price of \$0.06 per unit, each unit consisting of one flow-through common share and one half of one common share purchase warrant, each whole warrant exercisable at \$0.10 for 24 months following the issuance.

Arm's length third parties assisting in the private placement were paid cash a 6% commission totaling \$9,900 and broker warrants equal to 8% of placed securities, totaling 220,000 warrants, each broker warrant entitling the holder to acquire one common share of the Corporation for \$0.10 for a period of 24 months following the issuance date of the units.

The deferred premium on flow-through shares in the amount of \$14,582 (December 31, 2018 – \$17,670) consists of the premium portion of 3,534,000 flow-through shares issued at \$0.055 per unit during the previous year. The difference between the closing price and the issued price is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to \$3,088 for the period ended March 31, 2019 (December 31, 2018 – \$21,074).

At this time the Company does not own or operate any revenue producing mineral properties, and accordingly, does not have cash flow from operations. The Company raises funds for exploration, development and general overhead and other expenses through the issuance of shares from treasury. This method of financing has been the principal source of funding for the Company since inception.

The Company also funds exploration at certain of its other properties through payments received from option agreements with other companies who have agreed to fund exploration in exchange for the right to earn an interest in the properties.

In addition to the funds in the Company's treasury, the Company intends to continue raising funds for future exploration and general overhead and other working capital through the continuation of issuances of shares from treasury and through earn-in or option agreements with other mineral exploration and mining companies.

The Company applies the fair value method of accounting for share-based payments to directors, officers, and employees and accordingly \$47,261 (March 31, 2018 - \$47,814) is recorded as share-based payments expense and

under capital stock as reserves for the 1,267,920 options vesting to directors, officers, employees and consultants during the period ended March 31, 2019.

The Company funds its project expenditures by raising equity financing. If in the event that future private placement financings cannot be completed, the Company would have to review its budgeted project expenditures and revise where necessary including reviewing property option agreements to determine if continuation in such agreements on their anniversary dates is feasible. Management continues to seek out capital required to undertake its exploration work commitments and for working capital to meet project work commitments.

The Company has an obligation to expend \$160,404 on qualified Canadian exploration expenditures related to a private placement from which flow-through shares were issued during the year ended December 31, 2018. These funds are required to be expended on qualified Canadian exploration expenditures by December 31, 2019. The Company is in compliance with all mineral property obligations to the best of the Company's knowledge.

## **MINERAL PROPERTIES**

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned or if substantive expenditure on further exploration and evaluation is neither budgeted nor planned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written-down if the properties are allowed to lapse, are impaired or are abandoned or if substantive expenditure on further exploration and evaluation is neither budgeted or planned. The deferred costs associated with each property are as follows:

**For the year ended December 31, 2018**

|   |    | <b>Flint Lake<br/>(a)</b> | <b>Ogden<br/>(b)</b> | <b>Yukon<br/>(c)</b> | <b>Other<br/>(f)</b> | <b>Total</b>     |
|---|----|---------------------------|----------------------|----------------------|----------------------|------------------|
| <b>Dec. 31, 2018 - Acquisition Costs</b>                            | \$ | 2,231                     | 499,164              | -                    | 36,165               | 537,560          |
|   |    |                           |                      |                      |                      | -                |
| Additions   |    | 2,152                     | -                    | -                    | 1,940                | 4,092            |
| Writedowns/Recoveries   |    | -                         | -                    | -                    | (602)                | (602)            |
| <i>Subtotal</i>   | \$ | 2,152                     | -                    | -                    | 1,338                | 3,490            |
| <b>March 31, 2019 - Acquisition Costs</b>                           | \$ | <b>4,383</b>              | <b>499,164</b>       | <b>-</b>             | <b>37,503</b>        | <b>541,050</b>   |
| <b>Dec. 31, 2018 - Exploration<br/>and Evaluation Expenditures</b>  | \$ | 120,570                   | 5,039,764            | -                    | 255,699              | 5,416,033        |
| Geological  |    | 4,926                     | 12,305               | -                    | 3,427                | 20,658           |
| Geophysical   |    | -                         | -                    | -                    | 6,793                | 6,793            |
| Diamond Drilling  |    | -                         | 2,293                | -                    | 4,415                | 6,708            |
| Miscellaneous   |    | -                         | -                    | -                    | 1,925                | 1,925            |
| Writedowns/Recoveries   |    | -                         | -                    | -                    | (2,118)              | (2,118)          |
| <i>Subtotal</i>   | \$ | 4,926                     | 14,598               | -                    | 14,442               | 33,966           |
| <b>March 31, 2019 - Exploration<br/>and Evaluation Expenditures</b> | \$ | <b>125,496</b>            | <b>5,054,362</b>     | <b>-</b>             | <b>270,141</b>       | <b>5,449,999</b> |
| <b>March 31, 2019 - Total</b>                                       | \$ | <b>129,879</b>            | <b>5,553,526</b>     | <b>-</b>             | <b>307,644</b>       | <b>5,991,049</b> |
|   |    |                           |                      |                      |                      |                  |
|   |    |                           |                      |                      |                      |                  |
|   |    |                           |                      |                      |                      |                  |
|   |    |                           |                      |                      |                      |                  |

**For the year ended December 31, 2018**

|  | <b>Flint Lake<br/>(a)</b> | <b>Ogden<br/>(b)</b> | <b>Yukon<br/>(c)</b> | <b>Other<br/>(f)</b> | <b>Total</b>     |
|--|---------------------------|----------------------|----------------------|----------------------|------------------|
| <b>Dec. 31, 2017 - Acquisition Costs</b>                           | \$ 1,076                  | 481,265              | -                    | 8,495                | 490,836          |
| Additions  | 1,155                     | 17,899               | -                    | 39,640               | 58,694           |
| Writedowns/Recoveries  | -                         | -                    | -                    | (11,970)             | (11,970)         |
| <i>Subtotal</i>  | \$ 1,155                  | 17,899               | -                    | 27,670               | 46,724           |
| <b>Dec. 31, 2018- Acquisition Costs</b>                            | \$ <b>2,231</b>           | <b>499,164</b>       | -                    | <b>36,165</b>        | <b>537,560</b>   |
| <b>Dec. 31, 2017 - Exploration<br/>and Evaluation Expenditures</b> | \$ 62,198                 | 4,853,176            | -                    | 28,007               | 4,943,381        |
| Assaying   | 3,133                     | 18,868               | -                    | 2,692                | 24,693           |
| Prospecting  | 11,052                    | -                    | -                    | 36,914               | 47,966           |
| Geological   | 28,714                    | 6,234                | -                    | 19,196               | 54,144           |
| Geophysical  | -                         | 3,476                | -                    | 89,111               | 92,587           |
| Linecutting  | -                         | -                    | -                    | 19,158               | 19,158           |
| Trenching  | 10,585                    | -                    | -                    | -                    | 10,585           |
| Diamond Drilling   | -                         | 255,858              | 720                  | 145,167              | 401,745          |
| Miscellaneous  | 2,309                     | 2,152                | -                    | 1,206                | 5,667            |
| Aboriginal Consultation  | 2,579                     | -                    | -                    | -                    | 2,579            |
| Writedowns/Recoveries  | -                         | (100,000)            | (720)                | (85,752)             | (186,472)        |
| <i>Subtotal</i>  | \$ 58,372                 | 186,588              | -                    | 227,692              | 472,652          |
| <b>Dec. 31, 2018 - Exploration<br/>and Evaluation Expenditures</b> | \$ <b>120,570</b>         | <b>5,039,764</b>     | -                    | <b>255,699</b>       | <b>5,416,033</b> |
| <b>Dec. 31, 2018 - Total</b>                                       | \$ <b>122,801</b>         | <b>5,538,928</b>     | -                    | <b>291,864</b>       | <b>5,953,593</b> |

## **(a) Flint Lake Gold**

In 2007, the Company has acquired an option on the Flint Lake gold project which is located approximately 40 km east of Kenora, Ontario and consists of 14 claims totaling 160 units. The company has entered into an option agreement with Endurance Gold Corp. whereby under the First Option, as defined in the agreement, the Company has earned a 70% interest in the property by making share payments totaling 400,000 shares and completing work commitments of \$200,000 on the property. During 2010, the Company earned in for the Second Option, as defined in the agreement, gaining a further 5% in the property by issuing a 50,000 common shares and spending an additional \$250,000 on the property. With the Company earning in on the Option and having earned a 75% interest in the Property, a joint venture has been formed on a 81.3% (the Company) and 18.7% (Endurance Gold Corp.) basis. The Company recovered \$33,909 from Endurance Gold Corp. during 2010 for their share of the joint venture expenditures. This recovery reduced the carrying value of the Flint Lake project.

The share payments were issued as follows:

|               |   |
|---------------|---|
| First Option  | 400,000 common shares (issued March 30, 2007) |
| Second Option | 50,000 common shares (issued June 9, 2008)    |

The Flint Lake Property lies within the central portion of the east-trending Wabigoon Sub-province and is host to numerous gold occurrences which have seen little exploration. This western part of the Wabigoon greenstone belt is an emerging gold camp with exciting drill intercepts coming from both Houston Lake Mining (Dubenski Showing) and Rainy River Resources (17 Zone, and ODM Zone). The Cameron Lake Deposit is currently the subject of a buyout by Coventry Resources from Nuinsco Resources. This project will be the subject of a review and drill program in late 2010.

During 2008-2012 period, the company performed systematic prospecting/mapping and trenching programs on the Dogpaw property to help better define and advance known gold occurrences as well as advance the property through discovery of additional mineralization. Prospecting in 2008 resulted in the discovery of 3 new gold showings on the Stephens Lake claim block, with assays up to 18.56 g/t gold within a broad zone of carbonate alteration and associated pyrite mineralization within what is interpreted to be North-South trending structures up to 50m in width. Very little historic work has been performed in the vicinity of the 3 newly discovered gold showings. 2009 saw a continuation of additional prospecting and geological mapping to further advance our understanding of the Stephen's Lake claim block as well as evaluating the historic Flint Lake Zone which returned assay results ranging 0.34g/t (grams per tonne) to 133.2 g/t gold from 26 surface grab samples. Mineralization within the main Flint Lake Zone is hosted within quartz veins with 5-15m wide shear zones. Visible gold was noted within these quartz veins. 2010 saw the cutting of 3 grids over the Flint lake, Stephen's lake and Bag lake zones as well as an induced polarization (IP) ground geophysical program for the purpose of better defining known zones of mineralization. Additional follow-up mapping and prospecting was initiated as well. During 2012, the Company completed prospecting and a trenching program on the Flint Lake portion of the Flint Lake project. The trenching program targeted both the Flint Lake and Stephens Lake occurrences which are separated by approximately five (5) kilometers. These occurrences host a number of discrete gold zones that are being advanced to a drill testing stage. The best trenching results were from the Stephens Lake occurrence, which is hosted within the Stephens Lake granodiorite stock. Highlights from the trenching program include trench STR2 in the D-Zone target, which returned a surface channel cut of 1.43 g/t gold over 21 meters. As a matter of interest, the trench started in mineralization with the first channel sample assaying 737 parts per billion ("ppb") gold, and ended in mineralization with the last sample assaying 373 ppb gold. The zone remains completely open in all directions as the trench terminates in overburden on both ends, with mineralization interpreted to continue through trench STR3, which returned a surface channel cut of 1.42 g/t gold over 10 meters. At Stephens Lake, a second parallel zone of gold mineralization (Busch Zone) was also trenched, trenches STR4 through STR7. Trench STR7 returned a surface channel interval of 1.03 g/t gold over 20 meters.

The Company completed additional mechanical trenching designed to Stephens Lake Property D-Zone and Bush Zone as well as evaluate several other gold occurrences in the Stephens Lake Stock with gold assays up to 19 g/t gold in close proximity to the currently defined zones of mineralization. Due to conservative exploration programs on the project, the Company has written off a portion of the deferred exploration and evaluation expenditures totaling nil (December 31, 2017 - \$94,653) during the year. The Company also received a grant from the Northern Ontario Heritage Fund in fiscal 2017 as administered by the Ontario Prospector's Association in the amount of \$14,258 for work completed at the project in 2016. The grant was recorded as a recovery of costs in deferred exploration and evaluation assets.

## **(b) Ogden Township Property – Goldcorp Joint Venture**

During 2008 the Company signed an option agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six km south of Timmins city centre, Ontario. The package consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the "Property") and covers eight kilometers of strike length along the east-west striking, highly prospective, Porcupine-Destor "Break". The Dome Mine complex and five large past producers are located between three and eight kilometers to the east of the Property along the gold trend. Past production of these mines include: the Delnite (920,000 oz), Aunor (2,502,000 oz), Buffalo-Ankerite (957,000 oz), Paymaster (1,192,000 oz), and Preston (1,539,000 oz). Goldcorp's current operation at the Dome Mine Complex is located 8 km from the Property, and has produced in excess of 17 million oz. of gold to date. (Source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006). Recent discoveries in the district include Lake Shore Gold's Timmins West project, located 10 km to the west of the Property and currently producing gold from several zones. The Timmins West Project is along the same gold trend as MEK's Ogden project.

The agreement allows for the Company to earn 50% of Goldcorp's interest in the Property by funding total expenditures on the Property of \$3,100,000 over four years as follows (**completed**):

- (i) \$400,000 in year one;
- (ii) \$700,000 in year two; and
- (iii) \$1,000,000 in each of years three and four.

The Company will also make cash and share payments to Goldcorp as follows (**completed**):

- (i) \$40,000 cash and \$25,000 worth of common shares on signing,
- (ii) \$35,000 cash and \$25,000 worth of common shares on the first anniversary,
- (iii) \$35,000 cash and \$50,000 worth of common shares on the second anniversary,
- (iv) \$100,000 worth of common shares on the third anniversary, and
- (iv) \$150,000 worth of common shares on the fourth anniversary.

The Company has met all obligations with regards to the above mentioned agreement and have since formed a joint venture in which Metals Creek owns 50%, and Goldcorp Canada Ltd. ("Goldcorp") owns 50% (as manager and on behalf of the Porcupine Joint Venture. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

Within the Property, the Porcupine-Destor Break is represented as a sheared and altered contact between ultramafic and mafic volcanics. A discontinuous Timiskaming-aged conglomerate and a variety of felsic porphyries are found proximal to the Break with carbonate and sericite alteration being widespread. The Property hosts the past producing Naybob Mine, which had historic gold production of 50,731 oz (source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006). Drilling in the past has been wide spaced and shallow with most of the drilling concentrated near the Naybob Mine and a cluster of shallow holes in the Thomas Ogden Zone, located 4 km to the west. Prior to 2000, claim ownership and gold exploration was disjointed and the Property had been comprised of at least six separate packages. Since then, the properties have been combined and a more systematic exploration approach has been made possible.

Since the signing of this option joint venture agreement with Goldcorp Canada ltd. and Goldcorp Inc. in November, 2008, Metals Creek has drilled a total of 137 diamond drill holes totaling 35,830 meters. The majority of these holes targeted both the Naybob South mineralized horizon and the Thomas Ogden Zone which is located 4km to the west.

During 2009, the Company announced the results of data compiled on the Property identifying 3 historic zones of gold mineralization, including the Thomas Ogden Zone, the Naybob South Zone and the Naybob North Zone. Both the Naybob South and Naybob North Zones have seen differing degrees of development and production which includes historic production of 50,731 oz of gold (Source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006).

The Naybob North Zone was the focus of underground development down to 411m, including 11 levels, with the majority of the production occurring within the upper 6 levels. The Naybob South Zone is located approximately 155m to the south and sub-parallel to Naybob North Zone and has seen substantially less development. The Thomas Ogden Zone is located 4 km west of the Naybob mine. Drilling in the past has been wide spaced and shallow with

most of the drilling concentrated near the Naybob Mine and a cluster of shallow holes in the Thomas Ogden Zone. Outside of these two areas has seen very little exploration drilling. A linear 4km prospective IP (Induced Polarization) ground geophysical anomaly has been identified over a majority of the 4 km between the two zones and remains relatively untested and adds to the exploration potential for additional resource discovery on the property.

The Naybob South Zone provides an excellent exploration target with historic near surface results including down hole intercepts of 5.37m of 6.33 g/t Au and 1.83m of 11.85 g/t Au. Historically, 600m of mineralization has been defined down to a depth of approximately 200m vertically. Near surface high grade mineralization has been a focus for the Corporation on the Naybob South Zone as well as targeting for possible mineralized zones at depth.

Initially, the majority of the exploration work conducted by the Corporation was focused on the Naybob South Zone targeting mineralization within 100m of surface since this was the most drill ready target as well as it's close proximity to Goldcorp's mine and mill complex. Highlights of drilling performed by the Corporation on the Naybob South zone are listed below.

Highlights:

- OG09-012 6.61m down hole intercept (45.24m to 51.85m) of 9.244 g/t Au including 0.76m (45.24m to 46.00m) of 50.132 g/t Au
- OG10-025 7.0m down hole intercept (46.0m to 53.0m) of 5.68 g/t Au.
- OG11-02 6.63m down hole intercept (87.80m to 94.43m) of 6.217 g/t Au

More recent drilling by the Corporation on the Naybob South zone targeted the western portion of the 600m mineralized trend as well as further defining a potential second zone of mineralization parallel and footwall to the south dipping Naybob South main zone. Results include 7.03 g/t gold over 2.16m from hole OG15-039 with associated strong albitization and associated pyrite and arsenopyrite mineralization. In December 2017, the Company completed 2 holes on the Naybob South zone. Hole OG17-41 was drilled within the Naybob South Stratigraphy and was drilled on the western limits of the Naybob South Zone. Several zones of mineralization was intercepted including a downhole intercept (189.43m to 192.72) of 4.16 g/t gold over 3.29m and (218.57m to 220.20m) of 3.01 g/t gold over 1.63m. The hole was described as a strongly altered and brecciated sedimentary and volcanic unit with strong albitization and silicification with associated pyrite and arsenopyrite mineralization.

The Thomas Ogden Zone which is located 4 kilometers west of Naybob South has seen a significant increase in the amount of work being performed over the last couple of years. This is primarily due to a better understanding of the of the complex geology and significant folding of the mineralized zone thus resulting in greater success from recent drilling. Recent interpretation of the structural complexity of the Thomas Ogden Zone has led to the identification of a close correlation of higher grade gold intercepts in close proximity to the fold hinges. Increasing the drill density and extending the near surface mineralization to depth has been the focus of recent drill programs as well as additional drilling west of Thomas Ogden Zone resulting in the discovery of Thomas Ogden West. Gold mineralization within TOG coincides with a significant flexure in the Thomas Ogden Stratigraphy at depth, thus making this new target a high priority going forward. This deeper drilling has confirmed the extension of higher grade gold associated with the fold hinges to depth greatly enhancing the potential to extend gold mineralization to depth. Gold mineralization has now been traced in excess of 400m and still open in both directions and at depth. A summary of significant holes within the Thomas Ogden Zone is listed below.

- TOG10-021 75.85m intercept of 1.94 g/t gold including 23.4m intercept of 4.37 g/t gold. Near surface intercept.
- TOG11-011 94.0m intercept of 1.92 g/t gold. Near surface intercept.
- TOG11-02 3.28m intercept of 9.408 g/t gold. Deep mineralization.
- TOG11-08 2.88m intercept of 13.07 g/t gold. Deep mineralization.
- TOG12-07 9.46 g/t gold over 18.55m

- TOG13-025 12.53m intercept of 210.19 g/t gold

On June 19, 2012, the Corporation announced that it has sent formal notice to Goldcorp informing them that the Corporation has met the expenditure requirements to earn a 50% interest in the Ogden Gold Property located in the Timmins Gold camp. Final share issuance has also been submitted. The Company has now earned a 50% interest in the Ogden Property and Goldcorp has up to six months to inform the Company of its decision regarding three options. These options include whether it will fund an on-going exploration program at 50%, reduce its interest by not contributing to an exploration program or exercise a 20% back-in by committing to make a cash payment to the Company, funding a total of 4.1 million dollars in exploration expenditures and completing a feasibility study.

During 2012, the Corporation received notification from Goldcorp Canada Ltd. and Goldcorp Inc. (“Goldcorp”) that it does not intend to pursue its “Back-in Right” on the Ogden Township property. This now paves the way to formalize a 50/50 joint venture with Goldcorp, to continue exploring the Ogden property. The Company will be the operator and subsequent programs will be funded on a 50/50 basis while both companies contribute its share of required funding.

Drilling performed in 2016 resulted in the discovery of high grade mineralization (Thomas Ogden West) 480m west of the Thomas Ogden Zone (TOG). Results include 5.06 g/t gold over 2.6 meters within a moderately to strongly altered Timiskaming sediment with associated pyrite and arsenopyrite mineralization. With this new discovery of high grade mineralization west of TOG, additional holes are currently being planned to further define the extent of the high grade mineralization and determine if it is the extension of the TOZ zone. Results include TOG-16-46 which was drilled 100 meters east of OG15-040, and returned a down hole intercept (282.0-288.58m) of 1.19 g/t over 6.58m. This intersection is described as a strongly altered conglomerate and greywacke characterized by heavy albitization and silicification associated with 1 to 8% disseminated pyrite and local arsenopyrite. At this time there is insufficient data to calculate true orientations.

In addition, the Company has been accepted to participate in the Junior Exploration Assistance Program (JEAP) grant of up to 33.3% of approved exploration expenses up to a maximum of \$100,000 on the Ogden Project. The Company would like to thank the Northern Ontario Heritage Fund and the Ontario Prospectors Association for the opportunity to participate in this program. During the year ended December 31, 2017, the Company received the \$100,000 grant. The grant was fully accrued in the 2016 fiscal year and reflected as a reduction of the deferred exploration and evaluation costs associated with the Ogden project. During the year ended December 31, 2018, the Company applied for and received the JEAP grant again on the project for \$100,000 and recorded it as a reduction in the deferred exploration and evaluation costs associated with the project.

During the 2016 year and in the current year, the Company announced drill results from the completed six hole drill program on the Ogden project. A total of 2382m was drilled, targeting the down dip extension of the Thomas Ogden Zone as well as testing for secondary fold structures. Results from the first hole, TOG-16-47, which included an intersection of 5.73 g/t (grammes per tonne) gold over 8.2m (meters). Highlights from the remaining 5 holes included an intersection of 4.39 g/t over 12.45m from hole TOG-16-48.

TOG 16-48 was a 45m undercut below previously released hole TOG 13-27 which intersected several zones of mineralization including a down hole intercept of 49.96 g/t Au over 9.0m (MEK NR April 10, 2013). Hole TOG 16-48 intersected the zone at a down-hole depth of 199.95m and assayed 4.39 g/t gold over 12.45 m. This intersection is typical of the TOG Zone and is described as a strongly altered felsite and conglomerate characterized by strong albitization and silicification with associated disseminated pyrite, local arsenopyrite and visible gold.

During the year ended December 31, 2017, the Company completed a 4 hole drill program targeting Thomas Ogden (TOG), Thomas Ogden West as well as an untested Induced Polarization (IP) ground geophysical anomaly 1 kilometer west of TOG. This untested IP anomaly is interpreted to be on the main host stratigraphy.

During the year ended December 31, 2017, the Company received encouraging results from the first two holes of a 4 hole program. Hole OG17-002 was collared to test a geophysical Induced Polarization (IP) target and was successful in intersecting two zones of gold mineralization. The first zone, which is interpreted to be the main zone, intersected 3.97 meters (m) (96.88m to 100.85m) of 4.96 grams per ton (g/t) Gold (Au) within a broader zone which assayed 3.07 g/t Au over 8.22m. This intercept is characterized by pervasive albitization and silicification with associated pyrite-arsenopyrite mineralization as well as visible gold, which is similar to the main zone at TOZ. A second zone, further down the hole, returned a core length intercept (129m to 143m) of 1.43 g/t Au over 14m. This

mineralization is hosted within a strongly altered felsic dyke with visible gold and is similar to footwall mineralization in the TOZ. Significant folding of the stratigraphy has been identified, a key indicator in the TOZ area to potentially host higher-grade gold mineralization along the fold hinges.

The second hole, OG17-01 was drilled 150m west of hole OG17-02 and also intersected stratigraphy typical of the TOZ, returning a down hole intercept (76.0m to 93.0m) of 0.24 g/t Au over 17m.

Management is highly encouraged by this latest discovery exhibiting similar alteration and mineralization to that of TOZ and other deposits in the Timmins Camp consisting of albitization, silicification, with associated pyrite, arsenopyrite and minor amounts of galena, sphalerite and visible gold. The Company also released results of the final two holes in the program. Hole TOG-17-53 was a 75m undercut below TOG-16-48 which intersected 4.39 grammes per tonne (g/t) gold over 12.45m. Hole TOG-17-53 intersected the zone at a down-hole depth of 322m and assayed 2.11 g/t gold over 1.0 m. This intersection is typical of the Thomas Ogden Zone (TOG) and is described as a strongly altered conglomerate characterized by strong silicification with associated disseminated pyrite and local arsenopyrite. A second zone of mineralization was intersected at a downhole depth of 332meters (m) returning an intercept of 1.85 g/t gold over 2.43m. This second zone consisted of altered conglomerate with moderate to strong silicification with 3-4% pyrite and local arsenopyrite.

The Company also announced that a short prospecting program has led to the discovery of a new mineralized gold showing approximately 465 meters southeast of the Thomas Ogden Zone. This new mineralization is characterized by strongly brecciated albitization, silicification with associated pyrite and stringer style arsenopyrite.. Due to the nature of the pervasive and brecciated alteration, primary textures have been overprinted. Results from grab samples range from 23 parts per billion (ppb) Gold to 1340 ppb Gold. Pyrite and arsenopyrite percentages range from 2-15%, co-incident with a 600m long moderate to strong Induced Polarization (IP) ground geophysical chargeability anomaly. Given the extensive overburden cover, mineralization has only been located in one location to date. The Company is in the process of applying for trenching and drilling permits on the new discovery. The surface grab samples mentioned are selective by nature and are unlikely to represent average grades of the property.

During the year ended December 31, 2017, the Company announced that it has commenced diamond drilling at the project. During the year ended December 31, 2018, the Company received results from this 5 hole 1104m drill program targeting Thomas Ogden West mineralization. Hole TOG17-60, drilled approximately 200m east of OG17-02 and targeting the down plunge extension of TOG West mineralization, returned two zones of mineralization. The first zone of mineralization returned a down hole intercept of 8.37 g/t gold over 2.0m (96.0m to 98.0m) with associated pyrite mineralization and strong silicification. (Visible Gold was noted in this intercept). A second zone of mineralization was intercepted further down hole returning an intercept (170.5m to 195.30m) of 1.21 g/t gold over 24.8m with strong albitization and associated pyrite and arsenopyrite mineralization. Both intercepts are hosted within altered conglomerates.

Significant folding was present in this hole which appears to be an important factor in the emplacement of higher grade gold mineralization. These two intercepts in hole TOG17-60 are interpreted to be a part of the same stratigraphy with folding causing a repetition of the mineralized horizon.

Results from all drill holes in the recent program are included in table 1 below:

| Hole #    | From   | To     | Interval (m)* | Gold (g/t) |
|-----------|--------|--------|---------------|------------|
| TOG17-57  | 59.70  | 62.30  | 2.6           | 1.57       |
| TOG17-58  | 238.0  | 245.0  | 7.0           | 0.83       |
| TOG17-59  | 108.95 | 118.0  | 9.05          | 0.85       |
| TOG17-60  | 96.0   | 98.0   | 2.0           | 8.37       |
| and       | 170.50 | 195.30 | 24.8          | 1.21       |
| TOG17-61A | 74.15  | 75.10  | 0.95          | 4.46       |

\* Reported drill intercepts are not true widths. At this time there is insufficient data to calculate true orientations.

In addition, during the year ended December 31, 2018, the Company completed an additional 9-hole 2382m drill program designed to further test multiple targets at Ogden. The following is a table of results from this program:

| Hole#    | From   | To     | Interval (m)* | Grade (g/t) |
|----------|--------|--------|---------------|-------------|
| TOG18-62 | 298.0  | 304.0  | 6.00          | 1.42        |
| TOG18-63 | 314.0  | 324.14 | 10.14         | 1.12        |
| OG18-42  | 114.33 | 116.50 | 2.17          | 1.69        |
| And      | 124.0  | 124.40 | 0.40          | 5.54        |
| And      | 134.05 | 138.08 | 4.03          | 0.85        |
| OG18-43  | 83.63  | 84.83  | 1.20          | 2.64        |
| And      | 105.68 | 106.45 | 0.77          | 7.12        |
| And      | 114.25 | 116.20 | 1.95          | 3.25        |
| And      | 144.55 | 147.55 | 3.00          | 3.19        |
| And      | 175.82 | 178.15 | 2.33          | 2.14        |
| OG18-44  | 282.63 | 284.25 | 1.72          | 2.90        |
| And      | 313.60 | 314.90 | 1.30          | 3.01        |
| OG18-45  | 55.05  | 55.77  | 0.72          | 3.35        |
| PH18-01  | 92.00  | 96.80  | 4.80          | 2.31        |
| NZ18-01  | 48.00  | 50.00  | 2.00          | 1.31        |
| And      | 111.5  | 115.14 | 3.64          | 0.91        |
| NZ18-02  | 95.00  | 97.00  | 2.00          | 1.20        |

\* Reported drill intercepts are not true widths. At this time there is insufficient data to calculate true orientations.

The Company is currently in the process of reinterpreting ground and airborne geophysics previously performed over the entire property for the purpose of applying the current geological model and geophysical signatures generated from known mineralization at Naybob and Thomas Ogden, to the rest of the property in search of similar targets.

### **(c) White Gold District (Yukon) – Matson Creek/Squid East & West Blocks**

During 2012, the Company announced geochemical analysis results from a recently completed C-horizon soil sampling program on its Matson Creek properties in Yukon. This program was following up on anomalous results obtained from a reconnaissance ridge and spur soil sampling program carried out in 2011 (MEK News Release December 1, 2011) The recent program was completed on MEK's two most westerly claim blocks (Squid East and West Blocks) located near Matson Creek, in the northwest part of the White Gold District. The work was carried out in August of 2012 and consisted of detailed soil sampling on 100 to 200m (meters) spaced lines with soils taken every 25m resulting in a total of 988 samples being collected.

The 2012 soil results delineated a strong northwest trending gold plus pathfinder element anomaly located on the Squid East claim block. Anomalous values are remarkably continuous between sample locations with gold ranging from 15 ppb (parts per billion) to 1086 ppb. Associated with the gold assays are strong pathfinder element results which include Ag from below detection up to 78.5 parts per million (ppm), Pb from 5.3 up to 4493.5 ppm, As from 6.9 up to 50.9 ppm, Sb from 0.1 up to 241.2 ppm, Ba from 133 up to 2370 ppm, and Hg from below detection up to 36.32 ppm. The anomaly has minimum dimensions of approximately 450m long by 200m wide and is coincident with a distinct northwesterly trending magnetic low. Several other Au, As and Ba anomalies are also present within this mag low and will require additional follow-up sampling. The strength and size of this newly discovered anomaly is comparable to soil anomalies associated with the recent discoveries in the White Gold District and the associated pathfinder elements are typical of these new discoveries. Metals Creek would also like to thank the Yukon Government for its support of this project through a financial contribution thru the Yukon Mining Incentive Program (YMIP).

The Company initially staked the Yukon properties in February, 2011 and now has a 100% interest in two separate claim blocks (Squid East and Squid West properties) (148 claims) within the White Gold District. The Matson

claims are located upslope from the Matson Creek placer gold operations, approximately 90km southwest of Dawson City. A four wheel drive road accessing the placer operations passes within 3 km of the MEK property.

During 2013, the Company announced the discovery of a new gold occurrence on the Squid East project in the Matson Creek area in the Yukon. The initial phase of exploration consisted of a trenching program focused on a strong northwest trending gold plus pathfinder element soil anomaly located on the Squid East claim block. Chip sampling at the newly discovered “Exploits Zone” from recently completed trench E4-3 returned **1.96 grammes per tonne (g/t) gold over the entire 22 meter (m) trench length. Included in this is a higher grade interval of 6.39 g/t gold over 4.0 m.** Individual chip samples within this zone were 2.0 meters long and ranged from 0.25 g/t to 8.55g/t gold. Trenching was limited to 22m within this portion of the trench due to frost conditions on both ends. Mineralization has not been cut-off in terms of defining the width of the zone and remains open in all directions.

On October 8, 2013, the Company announced final assay results on the 4-hole, 428m drill program at the Exploits Zone on the Squid East project. The results show the new zone to have significant gold and silver mineralization returning assay results up to 1.54 grammes per tonne (g/t) gold (Au), 114 g/t silver (Ag) and 0.31% lead (Pb) over 21 meters (m) in hole SE13-002. This hole also contained a higher grade zone of 2.43 g/t Au and 185 g/t Ag and 0.47% Pb over 12 meters. This drill program was a follow-up the previously announced trenching program resulting in a new gold discovery. This new discovery remains open at depth and along strike as well as to the west since all 3 mineralized holes collared into the zone.

A table of results is shown below:

| Hole              | From (m)              | To (m)         | Length (m)     | Au g/t         | Ag g/t             | Pb %           |
|-------------------|-----------------------|----------------|----------------|----------------|--------------------|----------------|
| SE13-001          | 9.00                  | 21.00          | 12.00          | 1.699          | 81.775             | 0.312          |
| SE13-002<br>incl. | 12.00<br>14.00        | 33.00<br>26.00 | 21.00<br>12.00 | 1.547<br>2.431 | 114.121<br>185.254 | 0.315<br>0.470 |
| SE13-003          | 6.50                  | 13.00          | 6.50           | 0.371          | 39.892             | 0.664          |
| SE13-004          | NO SIGNIFICANT ASSAYS |                |                |                |                    |                |

During 2014, the Company reported results from bottle roll cyanide extraction test work, reporting an average of 92% gold and 81.75% silver recovery from drill core and trench samples at the Squid East project. The primary objective for this metallurgical testing program was to evaluate the leaching characteristics of the weathered gold bearing material intersected in both the drilling and trenching programs completed last summer.

Six samples were collected from the main trench and two drill holes, and these were submitted for both fire assay and bottle roll cyanide analyses. The bottle roll cyanidation process confirmed that the leachable gold recovery in the selected material averaged 92% and that the weathered material could potentially react well to heap leach extraction methods.

The following tables detail the results:

**Table 1. Bottle Roll Cyanidation Performance**

| Test No | Sample ID    | P80 µm | NaCN g/L | Measured Au (g/t) | Calc. Head Au (g/t) | Recovery Au (%) | Residue Au (g/t) |
|---------|--------------|--------|----------|-------------------|---------------------|-----------------|------------------|
| C1      | 1308701      | 80     | 1.0      | 8.55              | 8.18                | 95.7            | 0.35             |
| C2      | 1308707      | 89     | 1.0      | 2.53              | 2.76                | 91.0            | 0.25             |
| C3      | SE13-001-005 | 86     | 1.0      | 1.95              | 1.98                | 93.2            | 0.14             |
| C4      | SE13-002-007 | 106    | 1.0      | 0.71              | 0.68                | 83.8            | 0.11             |
| C5      | SE13-002-008 | 103    | 1.0      | 9.99              | 8.36                | 95.1            | 0.41             |
| C6      | SE13-002-013 | 101    | 1.0      | 1.76              | 1.58                | 93.4            | 0.11             |

**Table 1. Bottle Roll Cyanidation Performance (Silver)**

| Test No | Sample ID   | P80<br>µm | NaCN<br>g/L | Measured<br>Ag (g/t) | Calc. Head<br>Ag (g/t) | Recovery<br>Ag (%) | Residue<br>Ag (g/t) |
|---------|-------------|-----------|-------------|----------------------|------------------------|--------------------|---------------------|
| C7      | 1308705     | 95        | 1.0         | 138                  | 163.5                  | 89.7               | 16.9                |
| C8      | SE13-01-006 | 182       | 1.0         | 53.7                 | 51.5                   | 60.6               | 20.3                |
| C9      | SE13-02-005 | 174       | 1.0         | 81.6                 | 80.5                   | 84.1               | 13.0                |
| C10     | SE13-02-015 | 96        | 1.0         | 158                  | 161.8                  | 92.6               | 12.0                |

During the 2016 year, the Company entered into an option and joint venture agreement with Trifecta Gold Ltd. (“Trifecta”) whereby Trifecta can earn up to a 75% interest in the Squid East and Squid West claim blocks. For the initial 60%, Trifecta must make cash payments of \$45,000 (\$10,000 received) and issue 6,500,000 Trifecta shares both over a three-year period (1 million shares received) and incur \$2,250,000 in work expenditures (\$500,000 by first anniversary) over the three year period. Trifecta may then form a 60/40 joint venture or elect to earn an additional 15% by paying the Company \$50,000 and 3,500,000 Trifecta shares within 60 days of the third anniversary date as well as incur an additional \$1 million in work expenditures by the fourth anniversary.

During the year ended December 31, 2017, the Company was advised by Trifecta of the results from surface sampling and diamond drilling at the property (known as the Trident property by Trifecta). Diamond drilling in 2017 at the Trident property totaled 546.5 m in five holes. The purpose of the 2017 campaign was to test the extent of previously discovered mineralization (1.55 g/t gold and 114 g/t silver over 21.0 m in a 2013 diamond drill hole) down-dip and along strike. Trifecta’s drilling yielded elevated gold and silver assays to a maximum of 2.1 g/t gold and 325 g/t silver over 1.19m. Significant intersections are tabulated below and a map showing drill hole locations is available on Trifecta’s website:

#### Significant Drill Intersections – Exploits Zone, Trident Property

| Hole ID   | From (m) | To (m) | Interval (m) <sup>+</sup> | Au (g/t) | Ag (g/t) | Zn (%) | Pb (%) |
|-----------|----------|--------|---------------------------|----------|----------|--------|--------|
| SE-17-001 | 48.30    | 50.43  | 2.13                      | 1.425    | 36.60    | 0.053  | 0.097  |
| SE-17-001 | 88.00    | 93.00  | 5.00                      | 0.665    | 21.56    | 0.245  | 0.177  |
| SE-17-001 | 99.00    | 101.45 | 2.45                      | 1.048    | 21.79    | 0.202  | 0.120  |
| SE-17-002 | 56.46    | 59.36  | 2.90                      | 0.419    | 21.22    | 0.005  | 0.108  |
| SE-17-002 | 77.40    | 86.64  | 9.24                      | 0.762    | 74.13    | 0.427  | 0.415  |
| Including | 80.96    | 82.15  | 1.19                      | 2.100    | 325.00   | 0.889  | 1.195  |
| SE-17-003 | 10.00    | 13.00  | 3.00                      | 0.598    | 0.14     | 0.011  | 0.002  |
| SE-17-004 | 81.18    | 86.35  | 5.17                      | 0.534    | 46.42    | 0.608  | 0.492  |
| Including | 82.26    | 83.86  | 1.60                      | 1.010    | 97.70    | 1.190  | 1.055  |
| SE-17-005 | 70.76    | 77.00  | 6.24                      | 0.526    | 23.40    | 0.339  | 0.156  |
| SE-17-005 | 91.20    | 92.50  | 1.30                      | 0.612    | 52.30    | 0.755  | 0.513  |

+ Represents the diamond drill hole sample length. True widths are estimated to be approximately 80-90% of the interval, except in hole SE-17-001, where true widths are estimated to be approximately 50-60%.

The 2017 drill intersections may differ from those encountered in 2013 due to reduced oxidation of the mineralized zone at depth, the presence of intense faulting, and/or structural influence. Concurrent with the diamond drilling, Trifecta collected a total of 1158 soil samples from the property. This sampling identified large areas of anomalous lead, silver and zinc values, with scattered gold support. Anomalous soil values ranged from 200 to 1095 ppm lead, 2 to 5.4 ppm silver, 200 to 1610 ppm zinc and 20 to 52 ppb gold.

During the year ended December 31, 2017, Trifecta advised the Company that they would be terminating the option on the project and as a result, the property was returned to the Company 100%.

During the year ended December 31, 2018 the Company entered into an option agreement with Manning Ventures Inc. (“Manning”). Under the terms of the agreement, Manning has the option to acquire a 75% interest in the Squid East Property.

In order to exercise the option, Manning must make cash payments to the Company of \$65,000 over two years (\$35,000 due upon CSE listing), issue to the Company a total of 1,200,000 Manning common shares over two years (600,000 due upon CSE Listing) and incur work expenditures of \$1,150,000 over four years (\$50,000 by 31 Dec, 2019). Manning will be the operator during the option period. The proposed transaction is subject to approval of the proposed listing of Manning Ventures Inc. on the Canadian Securities Exchange (CSE). The transaction cannot close until the listing has been completed and there can be no assurance that the transaction will be completed as proposed or at all.

#### **(d) Jackson’s Arm**

The Jackson’s Arm property consists of 53 staked claim units totaling 1,325 hectares and is located in north-central Newfoundland. The Company owns a 100% interest in the project.

During the 2016 year, the Company entered into an option agreement, (the “Jackson’s Arm Agreement”) with Anaconda Mining Inc. (“Anaconda”), whereas Anaconda has the right to acquire a 100% undivided interest in the Company’s Jackson’s Arm property. To earn a 100% interest in the Jackson’s Arm property, Anaconda is required to make aggregate payments to the Company of \$200,000 in cash (\$60,000 received), and 125,000 common shares (post 1 for 4 share consolidation that occurred during the current period) of Anaconda (37,500 shares received) over a three-year period. The Jackson’s Arm Agreement provides for a two percent (2%) net smelter returns royalty (“NSR”) to the Company on the sale of gold bearing mineral products from the Jackson’s Arm property. The NSR is capped at \$1,500,000, after which, the NSR will be reduced to one percent (1%). Anaconda is required to spend a total of \$750,000 in qualified exploration expenditures on the Jackson’s Arm property during the option period. During the year ended December 31, 2018, Anaconda paid \$60,000 cash and issued 37,500 shares to the Company pursuant to the terms of the Jackson’s Arm Agreement.

#### **(e) Staghorn**

During 2008, the Company entered into an option agreement with local prospectors to earn a 100% interest in a group of 76 claim units spread over 1216 hectares in the Wood Lake area in west central Newfoundland.

Terms of the option agreement include making a series of staged option payments totaling \$95,000 and issuing 250,000 shares to the vendors over three years. The vendors will retain a 2% Net Smelter Royalty, 50% of which can be purchased for \$1,000,000.

During 2014, the Company executed an Option/Joint Venture agreement on the Staghorn project with Benton Resources Inc. (“Benton”) (a company related to Metals Creek by common directorships) whereby Benton can earn up to a 70% interest in Staghorn. Pursuant to the agreement, Benton can earn an initial 60% interest by making cash payments totaling \$50,000 (\$10,000 received on signing), issuing a total of 500,000 shares of Benton (100,000 received on signing) and incurring work expenditures totaling \$500,000, all over a three year period. Benton will be the operator during the earn in period. Once a 60% interest is earned by Benton, either a 60/40 joint venture will be formed, or Benton may elect to earn an additional 10% interest to bring its total property interest to 70% by paying \$50,000 cash and issuing an additional 500,000 Benton shares within 60 days of the 3rd anniversary date and incurring an additional \$500,000 in exploration expenditures by the 5th anniversary date.

During the year ended December 31, 2017, the Company and Benton jointly agreed to set their respective interest in the project at 50%/50% and option the project to Quadro Resources Ltd. (“Quadro”) whereby Quadro will be provided with the option to acquire a 100% interest (the “Quadro Option”) in the Company and Benton’s Staghorn property and all rights to their newly optioned Rose Gold property (the Rose Gold property is contiguous with the northern border of the Staghorn property). Under the terms of the Quadro Option Agreement, Quadro completed a 2:1 share consolidation, settle certain outstanding debts and payables, completed no less than a \$1 million financing, and issued 4,000,000 common shares (post-consolidation) to each of Metals Creek and Benton. Quadro also assumed all their obligations under the Rose Gold property option, for which the optionor agreed to accept common shares of Quadro in lieu of the 225,000 common shares of Metals Creek and 225,000 common shares of Benton (450,000 shares combined) originally negotiated. The Quadro Option Agreement is subject to a royalty to be

granted in favor of Metals Creek and Benton (the “Metals Creek/Benton Royalty”), as well as existing royalties held by Ed Northcott and Gilbert Lushman (the “Northcott/Lushman Royalty”), and by Shawn Rose (the “Rose Royalty”), all as outlined below:

- The Metals Creek/Benton Royalty represents a 3km area of interest that is subject to a 3% NSR in favour of Metals Creek/Benton, 2% of which can be purchased at any time for \$2 million;
- The Northcott/Lushman Royalty represents a 3km area of interest that is subject to: (i) a 2% NSR in favour of Ed Northcott and Gilbert Lushman, 1% of which can be purchased at any time for \$1 million; and (ii) a 1% NSR in favour of Metals Creek/Benton; and
- The Rose Royalty together with a 1km area of interest is subject to: (i) a 2% NSR in favour of Shawn Rose, 1% of which can be purchased at any time for \$1 million; and (ii) a 1% NSR in favour of Metals Creek/Benton

#### **(f) Other Properties**

Included in Other Properties (located in Ontario and Newfoundland) are the Tilt Cove; Tally Pond; Feagan Lake; Mealy Intrusion; Victoria Lake and Clarks Brook, Rogerson Lake, Rose Gold, Wabigoon West, Great Brehat, North Tip, Triangle Point and Garrison properties. During the period ended March 31, 2019 the Company incurred \$20,280 (March 31, 2018: \$19,294) in pre-acquisition exploration and evaluation costs which were included in expenses for the year. In addition, due to no current work plans at March 31, 2019, the Company wrote off exploration and evaluation expenditures totaling \$2,720 (December 31, 2018 - \$75,567) during the year related to other properties.

#### ***The Great Brehat Project***

During fiscal 2017, the Company acquired by staking a 100% interest in four claim blocks totaling 242 units on the Great Northern Peninsula Newfoundland, near St. Anthony, (The Great Brehat Project). The Claims are contiguous to the south and to the west of White Metals Resources Corp.’s new discovery where they recently announced significant amounts of highly anomalous gold values over approximately a 15 sq KM area in black sedimentary shale units (See White Metal Resources Corp.’s PR dated November 20, 2017). The Metals Creek claims were staked to cover favorable geology similar to that of White Metals Resources Corp. The Company believes this could potentially be a very important new discovery in a unique geological environment similar to other large gold deposits hosted in black shale environments around the world.

During the year ended December 31, 2018, the Company received a permit to fly an airborne time-domain electromagnetic (EM) and magnetic (MAG) geophysical survey on the property. The survey was completed in March/April 2018. Preliminary results from the recently completed airborne survey define a number of conductive zones, including a north-northwest striking large conductive anomaly that measure approximately 3 kilometers long and ranges from approximately 0.5 km to 1.5 km wide. The anomaly is interpreted as a strong bedrock conductor response and is possibly sourced by a graphitic and/or pyritic source similar to the host rocks at the Gunners Cove. The Company believes the Gunners Cove style of gold mineralization could potentially represent an important new discovery in a unique geological environment similar to other large gold deposits hosted in black shale environments around the world.

The geophysical data will assist the Company in better understanding and delineating structural and stratigraphic features which might host gold, and possibly base metal, mineralization.

During 2018, the Company announced that they received the assay results from 12 surface grab samples from the newly discovered Totem South Gold Zone on the Great Brehat Gold Project in northern Newfoundland. The new zone returned assays ranging from less than 5 parts per billion (ppb) Gold (Au) up to 823 ppb Au. The average grade of the twelve samples was 143 ppb gold. The Company is very encouraged with these results and expects to commence a follow up sampling program to try to better define and extend the mineralization encountered at Totem South. The Company also believes that the gold showings uncovered at White Metal’s Gunners Cove Gold Project is an extensive unexplored anomalous gold system that has now been traced intermittently for 18 kilometres along strike (north to south) and interpreted horizontal widths up to 1.0 kilometres (e.g. Bazooka Zone described in White Metal news release dated 03 July, 2018). Since its initial gold discovery in September 2017, White Metal has had excellent success extending the area of gold mineralization at the Gunners Cove Gold Project.

The Totem South mineralization is located near the northeast corner of the Company's claim block and exhibits similar characteristics and gold grade to that of the newly discovered Totem Zone of White Metal immediately to the north of the Company's north east boundary. In addition the Company subsequently staked an additional 43 claim units covering what is mapped by the Newfoundland Geological Survey as similar geology hosting the Gunners Cove mineralization. These claims will be prospected in the upcoming program as well.

### ***Garrison Project***

During the year ended December 31, 2018, the Company executed a Letter of Intent ("LOI") to acquire 10 Patented Mining Claims (The Patents) in Garrison Township approximately 35 kms north- northeast of Kirkland Lake, Ontario. The patents are contiguous with Osisko Mining to the west, south and east and contiguous with Kirkland Lake Gold to the north.

Metals Creek can earn a 100% interest in the patents by making cash payments totaling \$310,000 over a period of 4 years following the execution of the LOI (\$30,000 paid). The vendors will retain a 2% NSR which the Company can purchase 1% for \$1 million.

During the year ended December 31, 2018, the Company completed its due diligence work on the project and collected 16 selective rock grab samples that were submitted for gold analysis. Assay results range from 7 parts per billion (ppb) gold up to 6280 ppb gold, with 62.5% of the samples returning in excess of 1 g/t (gram per tonne) gold. (see chart below). Mineralization was traced for 307m consisting of 1-15% disseminated pyrite with local galena and chalcopyrite. The host rock is strongly albitized mafic volcanics with associated quartz veining and stockwork. In addition, during the year ended December 31, 2018, the Company commenced diamond drilling at the project. This diamond drill program will consist of 5 holes targeting several Induced Polarization (IP) anomalies outlined in the recently completed geophysical program. One of these IP anomalies is co-incident with several historic holes which returned the following intercepts. Drill hole BM88-1 intercepted 22.09 grammes per tonne (g/t) gold (Au) over 6.10 meters (m), including 74.63 g/t Au over 1.52 m (Source: project update drilling report, 1989). Further down hole were additional intercepts of 3.41 g/t Au over 2.74 m and 1.74g/t Au over 9.33m. A second IP anomaly is co-incident with surface mineralization with surface grab samples up to 6.28 grammes per tonne (g/t) gold (Au). Mineralization consists of 1-15% pyrite with local galena and chalcopyrite and hosted within albitized mafic volcanics. A third IP anomaly appears to be untested.

During the period ended March 31, 2019, the Company received assay results from the 5-hole drill program mentioned above with the following table of results:

|         |   |
|---------|---|
| GR18-01 | NSA   |
| GR18-02 | 3.42 g/t Au over 0.45m (44.0m to 44.45)   |
| and     | 4.87 g/t Au over 0.30m (228.9m to 229.20)   |
| GR18-03 | 1.57 g/t Au over 1.45m (70.47m to 71.92m)   |
| and     | 1.92 g/t Au over 2.78m (138.18m to 140.96m)   |
| GR18-04 | 0.56 g/t Au over 1.75m (42.3m to 44.05m)  |
| and     | 1.77 g/t Au over 0.55m (65.20m to 65.75m)   |
| and     | 0.98 g/t Au over 2.0m (104.0m to 106m)  |
| GR18-05 | Hole was abandoned due to terrible ground conditions and was unable to reach bedrock. |

Note: Reported intercepts are not true widths. At this time there is insufficient data to calculate true orientations.

### ***Rogerson Lake***

During the year ended December 31, 2016, the Company announced that in light of a recent staking rush in central Newfoundland, the company has acquired by staking a 100% interest in 60 units (The Rogerson Lake claims) in central Newfoundland. The Rogerson Lake claims are located adjacent to Marathon Gold's Valentine Lake Project and is contiguous with, and lying on the same structure as Altius Minerals Corp.'s recently announced Alder gold zone discovery. These new claims are approximately 3 km west of the Alder and Birch zone discoveries made by

Altius Minerals. In recent weeks over 5,000 claim units have been staked by various parties including Altius Minerals and Prospector Shawn Ryan. The staking is centred on the northeast trending Rogerson Lake Conglomerate which is interpreted to be an extension of the auriferous Cape Ray Fault zone to the southwest.

On September 20, 2016, Altius Minerals announced the discovery of widespread and high-grade gold occurrences, including the Alder zone, northeast of the Valentine Lake deposits along the same structural trend hosting Marathon Gold Corp.'s (greater-than-one-million-ounce) Valentine Lake project. Metals Creek is currently compiling all historical data available.

### ***Tilt Cove***

During the 2016 year, the Company entered into an option agreement, (the "Agreement") with Anaconda Mining Inc. ("Anaconda"), whereas Anaconda has the right to acquire a 100% undivided interest in the Company's property. To earn a 100% interest in the Tilt Cove property, Anaconda is required to make aggregate payments to Metals Creek of \$200,000 in cash (\$60,000 received), and 125,000 common shares (post 1 for 4 share consolidation that occurred during the current period) of Anaconda (37,500 shares received) over a three-year period. The Tilt Cove Agreement provides for a one percent (1%) NSR to the Company on the sale of gold-bearing mineral products from the Tilt Cove property. Anaconda is also assuming an existing two percent (2%) NSR (the "Existing NSR") on one of the two licenses that comprises the Tilt Cove property. One percent (1%) of the Existing NSR is purchasable for \$1,250,000. Anaconda is required to spend a total of \$750,000 in qualified exploration expenditures on the Tilt Cove property during the option period. During the year ended December 31, 2018, Anaconda paid \$60,000 cash and issued 37,500 shares to the Company pursuant to the terms of the Agreement.

### ***Rose Gold***

During the year ended December 31, 2017, the Company, jointly with Benton Resources Inc. ("Benton") executed a letter of intent (the "Agreement") with a Newfoundland prospector (the "Vendor") pursuant to which Benton and the Company have been granted the option to acquire a 100% interest (50% each) in 22 claim units (the "Property") located in the Victoria Lake area, Central Newfoundland.

The Rose Gold project was included in the sale of the Staghorn property land package to Quadro as described above.

### ***Clarks Brook***

During the year ended December 31, 2016, the Company sampled 7.8 g/t Au in outcrop at the Clarks Brook West showing on its 100% owned Clarks Brook project in central Newfoundland. The property was staked after a review of historic work completed on the property and initial due diligence performed on the Clarks Brook Showing. Clarks Brook West is located approximately 2 kilometers west of the Clarks Brook showing. Sampling by the Company at Clark's Brook West returned outcrop samples ranging from 33 parts per billion (ppb) to 7,851 ppb gold (Au). Another outcrop grab sample in the same area assayed 86.1 % Lead and 25g/t silver. The Clarks Brook West Showing is comprised of chalcedony quartz veins and quartz breccia cross cutting a granitic intrusion. The surface grab samples mentioned are selective by nature and are unlikely to represent average grades of the property.

During the year ended December 31, 2017, the Company executed an LOI with Sokoman Iron Corp. ("Sokoman") whereby Sokoman can earn up to a 100% interest in the Clarks Brook gold property. To earn an initial 75% interest, Sokoman must make cash payments of \$45,000 (\$10,000 accrued and received in subsequent period) over a three year period and issue a total of 3 million Sokoman common shares over three years (1,250,000 received) and incur expenditures of \$800,000 over three years (\$100,000 by the first anniversary). Sokoman will be the operator during the earn-in period. Once a 75% interest is earned by Sokoman, either a 75%/25% joint venture will be formed, or Sokoman may elect to earn an additional 25% interest (to bring interest to 100%) by paying an additional \$100,000 and issuing a further 2 million Sokoman common shares within 60 days of the third anniversary date.

During the year ended December 31, 2017, the Company was advised by Sokoman that the first phase of diamond drilling was completed at the property. Sokoman completed approximately 515m of NQ sized core drilling in four holes which tested approximately 100m of strike length of the known mineralization at Clarks Brook. Highlights from the phase 1 program are as follows:

CB-17-1 5.58 g/t Au / 0.30 m (from 99.20m – 99.50m)  
and 1.65 g/t Au / 2.40 m (from 100.84m –  
103.25m)

CB-17-2 5.46 g/t Au / 0.50 m (from 71.20m – 71.70)  
and 3.37 g/t Au / 3.00 m (from 127.75 –  
130.75)  
incl. 4.63 g/t Au / 1.65 m (from 127.75 –  
129.40)  
incl. 26.9 g/t Au / 0.25 m (from 127.75 –  
128.00)

CB-17-3 0.38 g/t Au / 7.35 m (from 46.30 – 53.65)  
incl. 3.36 g/t Au / 0.50 m (from 51.40 – 51.90)

CB-17-4 1.55 g/t Au / 0.70 m (from 107.35 – 108.05)  
and 2.34 g/t Au / 1.55 m (from 117.00 –  
118.55)

*Note: Reported intervals are believed to be 80 to 90 percent of true intervals. Individual sample lengths ranged from 0.25 to 0.85 m in length. All core samples saw cut in half with one half submitted for gold analysis by fire assay at Eastern Analytical Limited in Springdale, NL. Core sampling and sample shipment completed by Sokoman Iron personnel.*

During the year ended December 31, 2018, Sokoman commenced a phase 2 drill program. The Phase Two program intersected the targeted siltstone hosted gold mineralization and also discovered a new second parallel zone, which returned the highest grades of the program. Diamond drill hole CB-18-5 intersected bleached and locally clay altered conglomerate cut by a network of narrow pyritic quartz veinlets that returned 3.74 g/t gold over 3.10 meters, including 14.73 g/t gold over 0.60 meters. This is the first time that gold mineralization has been observed in conglomeratic units and the previous holes may not have reached this target. The conglomerate-hosted zone is interpreted to be approximately 100 meters east of, and across strike from, the discovery zone intersected in the 2017 drilling. program will focus on the coincidental magnetic and IP targets that host the known mineralization on the property, and where Phase 1 drilling in October 2017, confirmed the presence of locally robust gold mineralization in the first ever holes drilled on the property.

The Company has been advised by Sokoman that drilling at the Clarks Brook property will recommence in the second quarter of 2019.

#### ***Great Northern Peninsula – Lead/Silver Project***

During the year ended December 31, 2018, the Company entered into an option agreement with Quadro Resources Inc. (“Quadro”), whereby Quadro can earn the Company’s 33.33 percent interest in the new claims that were jointly staked on Newfoundland’s Great Northern Peninsula. To acquire the Company’s one-third interest, Quadro will issue to the Company a total of 1,000,000 shares according to the following schedule:

- 200,000 Quadro common shares on signing;
- 300,000 Quadro common shares within six months of approval date; and
- 500,000 Quadro common shares within eighteen months of approval date

The Company will retain a 1.0% Net Smelter Return (NSR) royalty on any future mineral production from the claims. Quadro will have the right to purchase 50% of the NSR from the Company for \$500,000.

Subsequent to March 31, 2019, Quadro terminated the option and the project reverted back to a 33.33% Metals Creek, 33.33% Benton Resources Inc. and 33.33% Quadro joint venture.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has not entered into any off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amounts to related parties during the periods ended March 31, 2019 and March 31, 2018:

| Payee                               | Description of Relationship                            | Nature of Transaction   | March 31, 2019<br>Amount (\$) | March 31, 2018<br>Amount (\$) |
|-------------------------------------|--|---|-------------------------------|-------------------------------|
| Eastrock Exploration/<br>Wayne Reid | Company controlled by Wayne Reid, Director and Officer | Payments for geological consulting services and reimbursement of expenses | 7,200                         | 7,200                         |
| Nick Tsimidis                       | Director and Officer                                   | Payments for consulting fees  | 4,000                         | 4,000                         |

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at March 31, 2019 is:

- \$2,760 payable to Eastrock Exploration Inc., (March 31, 2018: \$2,760) (inclusive of HST)

Key management personnel remuneration during the period ended March 31, 2019 included \$83,177 (March 31, 2018 - \$82,895) in salaries and benefits and \$18,798 (March 31, 2018 - \$1,601) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the period.

## **CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')**

### *Statement of Compliance*

The condensed interim financial statements, including comparatives for three month period ended March 31, 2019 have been prepared using accounting policies in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

### *Accounting Standards Adopted January 1, 2019*

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods. Updates that are not applicable or immaterial to the Company have been excluded.

### IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 – Leases which replaces the existing lease accounting guidance in IAS 17. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service

contract on the basis of whether the customer controls the asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exemptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

The standard is effective for annual reporting periods beginning January 1, 2019 and the Company has applied IFRS 16 at the date it became effective using the modified retrospective approach, resulting in no restatement of prior year comparatives and the cumulative impact of applying IFRS 16 recognized at January 1, 2019. The Company completed the assessment of its office premises lease and service agreements and therefore recognized additional right of use assets and lease liabilities as well as a decrease in lease expense and a corresponding increase in both depreciation expense and finance charges.

The quantitative impact of adopting IFRS 16 is disclosed in Note 3 and related notes in the condensed interim financial statements at March 31, 2019. The impact of the changes are not significant to the Company's results.

## **RISK MANAGEMENT**

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

### ***Credit Risk***

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

#### *i) Trade credit risk*

The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

#### *ii) Cash and cash equivalents*

In order to manage credit and liquidity risk the Company's cash and short term investments are held through large Canadian Financial Institutions. Staking security deposits are held by the Government of Newfoundland.

#### *iii) Derivative financial instruments*

As at December 31, 2018 the Company has no derivative financial instruments.

### ***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. Accounts payable and accrued liabilities are due within the current operating period.

### ***Interest Rate Risk***

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate is very low as the Company's short term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at major Canadian financial institutions.

### ***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

## **OTHER MD&A REQUIREMENTS**

### *Additional disclosure for Venture Issuers Without Significant Revenues:*

As of March 31, 2019, there has been \$5,991,049 incurred and capitalized as exploration and evaluation assets since inception of the Company net of write-downs and recoveries.

### *Outstanding Share Data and Convertible Securities as at May 22, 2019*

As at May 22, 2019 the Company has 69,520,268 common shares issued and outstanding as well as:

- stock options to purchase an aggregate of 6,720,715 common shares expiring at various dates between October 2019 and January 2024 and exercisable at various prices between \$0.07 and \$0.49 per share
- warrants to purchase an aggregate of 35,991,288 warrants expiring between August 2019 and December 2020 exercisable between \$0.10 and \$0.16 per share.

For additional details of share data, please refer to note 8 of the March 31, 2019 condensed interim financial statements.

The Corporation is authorized to issue an unlimited number of voting shares and an unlimited number of preferred shares issuable in series.

During the period ended March 31, 2019, the Company granted 2,200,000 to directors, officers, employees and advisors of the Company at an exercise price of \$0.07 and expiring in January 2024, five years from the date of grant.

## **DIVIDEND POLICY**

No dividends have been paid on any shares of the Corporation since incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

## **LEGAL PROCEEDINGS**

To the knowledge of the Corporation, there are no actual or pending legal proceedings to which the Corporation is or is likely to be a party or of which any of its assets are likely to be subject.

## **INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHERS**

No director, officer, or promoter or other member of management of the Corporation, or any Associate or Affiliate of any such person, is or has been indebted to the Corporation.

## **CONFLICTS OF INTEREST**

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the Business Corporations Act (Ontario).

## **RISK FACTORS**

### **Risks associated with exploration and mining operations**

The exploration and development of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Corporation's mineral properties. Even if such

commercial quantities are subsequently discovered by the Corporation's exploration efforts, there can be no assurance such properties can be brought in to commercial production.

Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Corporation. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Corporation does not have control may be encountered and may adversely affect the Corporation's operations and financial results.

The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nations land claims and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. Also, in many countries including Canada and the USA, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

### **Environmental Risks**

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation may not adversely affect the Corporation's operations.

### **Mineral Market**

The market for minerals is subject to factors beyond the Corporation's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

### **Funding Requirements**

In order to move forward with its exploration and development activities, the Corporation will likely require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

### **Reliance on Management**

The Corporation anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Corporation could materially adversely affect the Corporation.

## **AUDITORS, TRANSFER AGENTS AND INVESTOR RELATIONS**

The auditors of the Corporation are Wasserman Ramsay, Chartered Accountants of Markham, Ontario.

The Transfer Agent and Registrar for the Common Shares of the Corporation is TMX Equity Transfer Services of Toronto, Ontario.

## **COMMITMENTS AND CONTINGENCIES**

Except as otherwise discussed, the Company is in compliance with commitments required by contractual obligations in the normal course of business.

The Company has an obligation to expend \$160,404 on qualified Canadian exploration expenditures by December 31, 2019 related to a private placement from which flow-through shares were issued during the 2018 fiscal year. The Company is in compliance with all mineral property obligations to the best of the Company's knowledge.

## **FORWARD LOOKING STATEMENTS**

This management discussion and analysis contains certain forward-looking statements relating but not limited to the Corporation's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.