PACTON GOLD INC.
(formerly Noka Resources Inc.)
Management Discussion and Analysis
For the Six Months Ended May 31, 2018

FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for the six months ended May 31, 2018 contains forward-looking information including forward-looking information about Pacton Gold Inc.'s (formerly Noka Resources Inc.) (the "Company" or "Pacton") operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

GENERAL

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for the six months ended May 31, 2018 should be read in conjunction with the condensed consolidated interim financial statements for the six months ended May 31, 2018. This MD&A is effective July 27, 2018. The Company has prepared its condensed consolidated interim financial statements for the six months ended May 31, 2018 in Canadian dollars and in accordance with International Financial Reporting Standards and International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.pactongold.com.

DESCRIPTION OF BUSINESS

The Company was incorporated pursuant to the British Columbia *Business Corporations Act* on December 15, 2010. On July 17, 2012, the Company's stock was listed on the TSX Venture Exchange ("TSX-V") trading under the symbol "NX". On April 27, 2017, the Company changed its name to Pacton Gold Inc. and began trading under the symbol "PAC". The Company's shares also trade on the OTC Exchange in the United States under the symbol "PACXF" and on the Frankfurt Stock Exchange under the symbol "2NKN".

The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties, with a focus on gold.

<u>Gold Properties</u>

On January 16, 2017, the Company entered into an option agreement to earn a 100% interest in the Tully West Gold Property, located west of the Tully/Timmins North Gold Deposit in Ontario. (See "Exploration Projects" for further details.)

On May 23, 2017, the Company entered into two option agreements to earn 100% interests in mineral claims located in the Red Lake Mining District in Ontario. (See "Exploration Projects" for further details.)

On March 28, 2018, the Company entered into a share purchase agreement to acquire 100% of the issued and outstanding shares of CTTR Gold Pty. Ltd. ("CTTR"), an Australian proprietary limited company. CTTR holds applications to nine tenement licenses for a mineral property group in the Pilbara Region of Western Australia. (See "Exploration Projects" for further details.)

The 492-square-kilometre property is an advanced gold project portfolio that will target conglomerate gold occurrences within the eastern extension of the Pilbara conglomerate gold play. See property map at http://pactongold.com/Pacton_Aus_Regional_Fig1.pdf.

Pacton has commenced compiling and reviewing historical reports and data on the property and collating other available datasets prior to planning a first-pass field evaluation programme, which will likely comprise detailed mapping to define key stratigraphic units, rock-chip, soil and stream sediment sampling, and metal detecting. Pacton intends to initiate negotiations with the relevant Native Title representative bodies, representing an integral step towards the Company's tenement license applications being granted by the Department of Mines, Industry Regulation and Safety. The Company will commence the heritage notice process to allow for tenure to be cleared for on-ground exploration activities.

On May 11, 2018, the Company entered into a share purchase and option agreement whereby the Company can earn up to an 80% interest in Arrow (Pilbara) Pty. Ltd. ("Arrow Pilbara"), an Australian proprietary limited exploration company. Arrow Pilbara holds two granted tenement licenses and two applications for licenses in the Pilbara Region of Western Australia.

On May 22, 2018, the Company entered into a binding letter of intent ("LOI") to acquire 100% of the shares in Drummond East Pty. Ltd. ("Drummond East"), an arm's length Australian exploration company wholly owned by Impact Minerals Ltd. ("Impact"). Drummond East holds seven granted tenement licenses comprising a total of 1,126 square kilometres in the Pilbara Region of Western Australia.

On May 28, 2018, the Company entered into a binding LOI to acquire 100% of the Friendly Creek exploration license and mining leases ("Friendly Creek") from Gardner Mining Pty. Ltd., an Australian proprietary limited exploration company, and Darren White. Five granted mining leases and one granted exploration license comprise a total of 31.36 square kilometres. Friendly Creek is historically one of the richest known areas for alluvial nuggets within the Pilbara Region of Western Australia.

Other Properties

Pacton holds a 40% interest in the Carpenter Lake Property, which is under joint venture with ALX Uranium Corp. ("ALX"). ALX exercised their option to earn a 60% interest in November 2014 and acts as the operator.

The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION PROJECTS

Tully West Gold Property

On January 16, 2017, the Company entered into an option agreement to earn a 100% interest in the Tully West Gold Property. The Tully West Gold Project hosts the western extension of the Tully Gold Deposit and is situated approximately 33 kilometres northeast of Timmins, Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 1,300,000 common shares of the Company (issued on January 25, 2017 and valued at $117,000) and pay $25,000 (paid) within five days of approval by the TSX-V, which was received January 25, 2017;
- Issue 1,300,000 common shares of the Company on or before January 25, 2018 (issued);
- Pay $80,000 on or before February 15, 2018 (paid); and
- Issue 1,300,000 common shares of the Company and pay $110,000 (paid) on or before January 25, 2019.

If the Company completes an equity financing for gross proceeds in excess of $1,000,000 (excluding flow-through proceeds), the remaining option payments are due within ten days of closing of the equity financing.

The Company must also incur exploration expenditures as follows:

- $250,000 on or before January 16, 2018 (incurred);
- An additional $500,000 on or before January 25, 2019; and
- An additional $500,000 on or before January 25, 2020.

The vendors retain a 2.5% net smelter return royalty ("NSR"), of which two-fifths (1%) can be repurchased by the Company for an aggregate $1,000,000.

On June 21, 2017, the Company announced assay results from the first two drill holes from its reconnaissance exploration program on the Tully West Gold Project. Four holes totaling 1,149 metres (or "m") were drilled. Step out drilling in 2013 by SGX Resources Inc. ("SGX") encountered high grade gold mineralization in drill hole #13-38, which intersected 36.7 g/tonne (or "g/t") Au (uncut) over 6.3 metres, 185 metres vertically below surface. This intercept occurred approximately 300 metres west of the previously established limits of the Tully Gold Deposit. Coarse visible gold was observed in the drill hole within a broad zone of mineralized quartz and carbonate veining within the host altered volcanic tuff, identical to the main Tully Deposit to the east.

The drill campaign was designed to initially validate historical intercepts with step out holes to the east and west, and to also confirm continuity of mineralization. The first two drill holes successfully identified nine disparate auriferous en echelon vein systems and validated the historical intercepts and the presence of a gold system at depth.

The first drill hole, PAC-17-01, was spotted approximately 4.0 m south of drill hole SGX-13-38 and was designed to twin the previous drill hole. Drill hole PCA-17-01 encountered multiple en echelon auriferous quartz carbonate vein zones hosted within a mafic tuff dipping approximately 60 degrees north (see table below). Positive drill results from PAC-17-01 yielded 6.75 g/t Au over 0.8 m from 145.0 m to 145.8 m and 3.97 g/t Au over 0.5 m from 220.0 m to 220.5 m (see table below).

PAC-17-01	**From (m)**	**To (m)**	**Width (m) ***	**Vertical Depth (m)**	**Grade g/t Au**
	100.5	102.0	1.5	85	2.43
	110.0	111.0	1.0	93	1.30
	119.0	121.3	2.3	100	1.66
	145.0	**145.8**	**0.8**	**122**	**6.75**
	150.0	150.5	0.5	127	1.53
	154.0	154.6	0.6	130	1.60
	220.0	220.5	0.5	185	3.97
	225.4	226.9	1.5	188	1.77
	367.1	368.0	0.9	304	1.23

*Drilled widths are currently reported. True widths are not known at this time.

Drill hole PAC-17-02 was spotted and drilled 25 metres east of PAC-17-01 and encountered 5.55 g/t Au over 2.5 m from 98.0 m to 100.50 m, including 18.3 g/t Au over 0.7 m from 98.8 m to 99.5 m. As with drill hole PAC-17-01, the second drill hole PAC-17-02 also intersected stacked multiple en echelon quartz carbonate vein systems hosting gold.

PAC-17-02	**From (m)**	**To (m)**	**Width (m) ***	**Vertical Depth (m)**	**Grade g/t Au**
	76.7	78.1	1.4	63	1.28
	98.0	100.5	2.5	82	5.55
"including"	**98.8**	**99.5**	**0.7**	**81**	**18.3**
	101.7	102.6	0.9	85	2.60
	162.0	170.0	8.0	140	0.95
"including"	164.0	165.0	1.0	137	2.54
"including"	168.0	170.0	2.0	140	1.16
	194.5	195.0	0.5	162	2.29
	225.0	226.0	1.0	187	2.40
	231.6	232.1	0.5	193	1.82
	339.8	347.6	7.8	296	0.43
	377.5	378.0	0.5	325	2.0

*Drilled widths are currently reported. True widths are not known at this time.

Drill hole PAC-17-03 deviated and was terminated at 216 metres in the ultramafic footwall. This hole did, however, encounter a quartz carbonate vein system with appreciable sulphides from 102.6 to 109.8 metres and returned an intercept of **.70 g/t Au over 7.2 metres**. Drill hole PAC-17-04 was collared approximately 2 metres north of PAC-17-03 and encountered the favourable stratigraphy (mafic tuff) hosting auriferous quartz carbonate veins, with an intercept from 98.5 to 101.0 metres of **.56 g/t Au over 2.5 metres**. The drill hole, however, was terminated early at 114 metres after intersecting an impenetrable sand seam. The program was concluded at this point based upon budgetary considerations.

The host volcanic tuff unit is readily detectible by geophysics and has been traced for over 2,000 m in both eastern and western directions away from the main deposit. The Tully Deposit is interpreted to be a series of auriferous shallow dipping (extensional or ladder) stacked vein sets within a subvertical competent mafic tuff host that is bounded by ultramafic volcanic rocks to the south and sediments to the north. This host sequence of rocks all lie within a regional east-west fault corridor, a northern splay from the Porcupine-

Destor Fault. The Tully Gold Deposit has been drilled over a 1,000 m strike length to date, and to depths of over 600 m, remaining open along strike and to depth. The Creighton property, which is the western extension of the Tully Deposit, currently possesses an additional 480 m striking to the southwest of the current drilling to the southern claim boundary.

This program was carried out under the supervision of Peter Caldbick, P.Geo., of Pacton Gold Inc., the qualified person responsible for the technical information presented above.

The drill core was split with half sent to an accredited laboratory, Actlabs in Timmins, Ontario, and fire assayed with an AA and gravimetric finish. Whole metallic assays are performed on samples containing visible gold. Check assays were also performed on pulps and rejects, as well, blanks and standards were inserted into the sample stream for QA/QC purposes.

Red Lake Project

On May 10, 2017, the Company entered into an option agreement to earn a 100% interest in 34 mineral claims and 2 mineral patents in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Issue 1,200,000 common shares of the Company (issued and valued at $168,000) and pay $75,000 (paid) within five days of approval by the TSX-V, which was received on May 19, 2017;
- Issue 1,000,000 common shares of the Company and pay $75,000 on or before May 19, 2018;
- Issue 1,000,000 common shares of the Company and pay $75,000 on or before May 19, 2019; and
- Issue 1,000,000 common shares of the Company and pay $75,000 on or before May 19, 2020.

The vendor retained a NSR varying from 0.25% to 2.25%, of which one-half could be repurchased by the Company, at a rate of $250,000 per 0.25%.

On May 10, 2018, the Company provided notice of termination on the option agreement to the vendor. During the six months ended May 31, 2018, the Company recorded an impairment of exploration and evaluation assets of $243,000 as a result of the termination.

On May 23, 2017, the Company entered into an option agreement to earn a 100% interest in 14 mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 300,000 common shares of the Company (issued and valued at $42,000) and pay $16,000 (paid) within five days of approval by the TSX-V, which was received on May 26, 2017;
- Pay $12,000 on or before May 26, 2018 (paid);
- Pay $16,000 on or before May 26, 2019; and
- Pay $26,000 on or before May 26, 2020.

The claims are subject to an underlying 2% NSR.

On May 23, 2017, and as amended November 23, 2017 and June 14, 2018, the Company entered into an additional option agreement to earn a 100% interest in 30 additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 2,500,000 common shares of the Company within five days of approval by the TSX-V, which was received on May 26, 2017 (issued and valued at $350,000);

- Pay $20,000 on or before June 30, 2018;
- Pay $80,000 on or before January 31, 2019; and
- Pay $150,000 on or before May 26, 2019.

The vendors retain a 2.5% NSR, of which two-fifths (1%) can be repurchased by the Company for $1,500,000.

Carpenter Lake Property

On May 28, 2013, the Company entered into an agreement to acquire a 100% interest in 34 mineral claims located in the Athabasca Basin Region of northern Saskatchewan. Consideration for the acquisition was the issuance of 200,000 common shares (issued and valued at $380,000). The Company paid a finder's fee of 10,000 common shares (issued and valued at $19,000).

On January 13, 2014, the Company granted an option to Alpha Exploration Inc. ("Alpha", now ALX) to earn a 60% interest in the Company's Clearwater/Carpenter Lake Property. Under the terms of the agreement, ALX was required to make cash and share payments as follows:

- Cash payment of $12,500 upon approval of the agreement by the TSX-V (received);
- Issuance of 100,000 common shares within 10 days of approval by the TSX-V (received and valued at $59,000);
- Cash payment of $12,500 and issuance of 100,000 common shares on the first anniversary of approval by the TSX-V:
- Cash payment of $12,500 and issuance of 100,000 common shares on the second anniversary of approval by the TSX-V; and
- Cash payment of $12,500 and issuance of 100,000 common shares on the third anniversary of approval by the TSX-V.

Alpha must also incur a total of $1,250,000 in exploration expenditures on the property as follows:

- $250,000 by the first anniversary of approval by the TSX-V;
- A further $250,000 by the second anniversary of approval by the TSX-V; and
- A further $750,000 by the third anniversary of approval by the TSX-V.

On November 6, 2014, ALX provided the Company with its Notice of Exercise on the option to earn a 60% interest in the Clearwater/Carpenter Lake Property. The Company received the $37,500 in cash payments due from the first through third anniversaries and the 300,000 common shares (valued at $27,000). A joint venture was formed between ALX (60%) and Pacton (40%) for the further development of the property, with ALX serving as the operator.

Presently, the property is subject to a 2% NSR, which is owed to the original vendors (the "Underlying NSR"). The Underlying NSR rate was reduced from 5% to 2% by Pacton through the issuance of 300,000 common shares of the Company on October 27, 2014 (valued at $90,000).

At November 30, 2016, the Company determined that the value of the Property was impaired due to a lack of recent exploration work by Alpha (now ALX). The property was written down to $226,000, which is the Company's estimated realizable value of the property. Management intends to further explore the property either on its own or in partnership with ALX.

Birch Gold Project

On March 10, 2017, the Company entered into an option agreement to earn a 100% interest in the Birch Gold Property, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 900,000 common shares of the Company within five days of approval by the TSX-V, which was received on March 22, 2017 (issued and valued at $81,000);
- Pay $75,000 by April 21, 2017 (paid);
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2018;
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2019;
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2020; and
- Issue 900,000 common shares of the Company and pay $75,000 on or before March 22, 2021.

The Company must also incur exploration expenditures as follows:

- $150,000 on or before March 22, 2018;
- An additional $300,000 on or before March 22, 2019;
- An additional $350,000 on or before March 22, 2020; and
- An additional $500,000 on or before March 22, 2021.

The Property is subject to a 2% NSR.

On March 10, 2017, the Company entered into an option agreement to earn a 100% interest in the Uchi Gold Property, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Issue 250,000 common shares of the Company within five days of approval by the TSX-V, which was received on March 22, 2017 (issued and valued at $22,500);
- Pay $15,000 by April 21, 2017 (paid);
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2018;
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2019;
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2020; and
- Issue 250,000 common shares of the Company and pay $15,000 on or before March 22, 2021.

The vendor retains a 2.5% NSR, of which two-fifths (1%) can be repurchased by the Company for an aggregate $1,000,000 within 180 days of a public announcement of a positive feasibility study on the project.

The Company determined it would not make the option payments due March 22, 2018. An impairment charge of $211,820 was recognized in net loss for the year ended November 30, 2017.

Lincoln Property

On April 21, 2016, and as amended June 15, 2016, the Company entered into an option agreement to acquire a 100% interest in the Lincoln Property, a lithium project in Nevada. Consideration for the option is as follows:

- Issue 1,500,000 common shares to the optionor upon acceptance of the transaction by the TSX-V (issued on July 4, 2016 and valued at $195,000); and
- Cash payment of $50,000 within five days of acceptance by the TSX-V (paid).

At November 30, 2016, the Company determined that the value of the property was impaired. The property was written down to $100,000. On January 1, 2017, and as amended on July 11, 2017 and March 14, 2018, the Company reached an agreement to sell the property for $100,000. The purchaser paid the $100,000 on May 30, 2018.

<u>Duxbury Property</u>

On June 28, 2016, and as amended March 10, 2017, the Company entered into an option agreement to acquire a 100% interest in the Duxbury Property, a lithium project in Quebec. Consideration for the option was the issuance of 1,000,000 common shares to the optionor within five days of acceptance of the transaction by the TSX-V (issued on July 6, 2016 and valued at $130,000).

The vendor retains a 2% NSR, of which the Company may repurchase one-half (1%) for $1,000,000.

At November 30, 2017, the Duxbury property was written down to $nil.

<u>Corning Creek Property</u>

On April 20, 2011, and as amended December 31, 2011, the Company entered into an option agreement to acquire a 100% interest in the mineral claims comprising the Corning Creek Property, except for mineral claim 831925, subject to a 2% NSR. Consideration for the option was as follows:

- Cash payment of $35,000 (paid) within 10 days of the Company's shares being listed on the TSX-V (July 17, 2012); and
- Issue 20,000 common shares (issued and valued at $40,000).

The Company had the sole and exclusive option to purchase the NSR at a purchase price of $1,000,000 for each percentage point bought back during the five-year period commencing from the date upon which the property is put into commercial production.

On June 29, 2011, the Company entered into an option agreement to earn a 100% interest in mineral claim 831925, which forms part of the Corning Creek Property. Consideration for the option was a cash payment of $5,000 (paid) within 10 days of the Company's shares being listed on the TSX-V.

The option agreement was subject to a 3% NSR. The Company could acquire the first 2% of the NSR by paying $500,000 for each percentage point bought back. The final 1% could be purchased, for a negotiated amount, after commercial production commences.

During the year ended November 30, 2014, the Corning Creek Property was deemed to be impaired and written down to $1. During the year ended November 30, 2017, the Corning Creek Property was written down to $nil.

<u>Pilbara Project</u>

On March 28, 2018, the Company entered into a share purchase agreement to acquire 100% of the issued and outstanding shares of CTTR Gold Pty. Ltd. (“CTTR”), an Australian proprietary limited company. CTTR holds applications to nine tenement licenses for a mineral property group in the Pilbara Region of Western Australia.

Under the terms of the share purchase agreement, the Company can acquire 100% of the issued and outstanding shares of CTTR by:

- Paying a $25,000 non-refundable deposit (paid);
- Paying $75,000 (paid) and issuing 916,666 common shares (issued and valued at $238,333) of the Company and 458,333 share purchase warrants (issued and valued at $64,545), each warrant exercisable into one additional common share of the Company for a period of 18 months from the date of issue at a price of $0.45, upon acceptance of the transaction by the TSX-V (issued on March 29, 2018); and
- Paying $50,000 and issuing 416,666 common shares of the Company and 208,333 share purchase warrants, each warrant exercisable into one additional common share of the Company for a period of 18 months from the date of issue at a price to be determined at the date of grant, upon the grant of at least six exploration licenses.

On May 11, 2018, the Company entered into a share purchase and option agreement whereby the Company can earn up to an 80% interest in Arrow (Pilbara) Pty. Ltd. ("Arrow Pilbara"), an Australian proprietary limited exploration company. Arrow Pilbara holds two granted tenement licenses and two applications for licenses in the Pilbara Region of Western Australia. Under the terms of the agreement, the Company was required to make cash payments and issue common shares and common share purchase warrants of the Company to acquire a 51% interest in Arrow Pilbara as follows:

- Issue 1,086,957 common shares (issued and valued at $695,652) and 1,086,957 common share purchase warrants (issued and valued at $583,761) exercisable into one share at $0.35 for three years and pay $500,000 (paid $300,000, with remaining due upon grant of applications).

To acquire a further 29% interest in Arrow Pilbara, the Company is required to:

- Pay $250,000 or an equivalent number of common shares based on the five-day trailing volume-weighted average price at the time of issue, subject to a floor price of no lower than $0.19 per common share.

The vendor retained a right to explore for, mine and extract lithium, cesium and tantalum from the property.

A discovery bonus of $500,000 cash is payable if the Company reports a National Instrument 43-101-defined "measured mineral resource" or "inferred mineral resource" of at least 100,000 ounces of gold on the property.

On May 22, 2018 the Company. has entered into a binding LOI to acquire 100% of the shares in Drummond East Pty. Ltd. ("Drummond East"), an arm's length Australian exploration company wholly owned by Impact Minerals Ltd. ("Impact"). Drummond East holds seven granted tenement licenses comprising a total of 1,126 square kilometres in the Pilbara Region of Western Australia.

Under the terms of the LOI, which will be formalized by a definitive agreement among the parties, the Company will purchase a 100% ownership interest in Drummond East by paying Impact a total of $350,000 and issuing to Impact 2,125,000 common shares of the Company.

In addition, the Company will pay a bonus to Impact of $500,000 if the Company publishes measured, indicated or inferred gold resources of more than 250,000 ounces on the property. The Company will grant Impact a 2% NSR in respect of the property on standard industry terms to be agreed between the parties. The parties agree that the Company shall, at all times, retain an exclusive and unlimited right to purchase 50% of the NSR back from Impact for $500,000.

This transaction is subject to the acceptance of the TSX-V.

On May 24, 2018, the Company incorporated an Australian subsidiary, Pacton Pilbara Pty Ltd., as a vehicle to acquire properties in Western Australia.

On May 28, 2018 the Company entered into a binding LOI to acquire 100% of the Friendly Creek exploration license and mining leases ("Friendly Creek") from Gardner Mining Pty. Ltd., an Australian proprietary limited exploration company, and Darren White. Five granted mining leases and one granted exploration license comprise a total of 31.36 square kilometres. Friendly Creek is historically one of the richest known areas for alluvial nuggets within the Pilbara Region of Western Australia.

Under the terms of the LOI, which will be formalized by a definitive agreement among the parties, the Company will purchase a 100% ownership interest in Friendly Creek by paying the vendors a total of $25,000 and issuing to the vendors 2,500,000 common shares of the Company.

This transaction is subject to the acceptance of the TSX-V.

RESULTS OF OPERATIONS

Six Months Ended May 31, 2018

During the six months ended May 31, 2018, the Company reported a net loss of $3,110,791 (2017 - $537,571). The Company's loss included expenditures as follows:

- Consulting fees of $953,252 (2017 - $267,811) were higher due to additional consultants engaged and a reallocation of the services provided, as well as finder's fees for acquisitions in the year;
- Management fees of $100,500 (2017 – recovery of $2,250) were higher in 2018, due to an increase in the CEO fees charged in 2018 and accrued CEO fees were forgiven in the comparative period;
- Office and miscellaneous of $36,405 (2017 - $1,407) increased due to travel costs;
- Professional fees of $125,022 (2017 - $21,388) were higher due to an increase in legal fees;
- Rent of $18,000 (2017 - $nil) was due to rent not being charged to the Company until the last three months of 2017;
- Shareholder communications and investor relations of $250,683 (2017 - $2,447) was higher in 2018 due to additional services being used;
- Transfer agent and filing fees of $38,061 (2017 - $28,963) were higher for the same period in the prior year due to more acquisitions in 2018;
- Impairment of exploration and evaluation assets of $303,000 (2017 - $nil) was related to the termination of one of the option agreements on the Red Lake Property and the sale of the Lincoln Property; and
- Gain on settlement of accounts payable of $9,167 (2017 – loss of $7,857) was due to the value of the common shares issued on the date of grant being less than the value of the accounts payable settled.

Three Months Ended May 31, 2018

During the three months ended May 31, 2018, the Company reported a net loss of $2,462,516 (2017 - $502,742). The Company's loss included expenditures as follows:

- Consulting fees of $612,769 (2017 - $265,811) were higher due to additional consultants engaged and a reallocation of the services provided, as well as finder's fees for acquisitions in the year;
- Management fees of $100,500 (2017 – recovery of $9,750) were higher in 2018, due to an increase in the CEO fees charged in 2018 and accrued CEO fees were forgiven in the comparative period;
- Office and miscellaneous of $31,555 (2017 - $1,318) increased due to travel costs;

- Professional fees of $93,501 (2017 - $13,703) were higher due to an increase in legal fees;
- Rent of $9,000 (2017 - $nil) was due to rent not being charged to the Company until the last three months of 2017;
- Shareholder communications and investor relations of $247,778 (2017 - $1,885) was higher in 2018 due to additional services being used;
- Share-based payments of $1,293,985 (2017 - $209,409) was due to more options granted and a higher Black-Scholes fair value in 2018;
- Transfer agent and filing fees of $22,341 (2017 - $12,240) were higher for the same period in the prior year due to more acquisitions in 2018;
- Impairment of exploration and evaluation assets of $60,000 (2017 - $nil) was related to the sale of the Lincoln Property; and
- Gain on settlement of accounts payable of $9,167 (2017 – loss of $7,857) was due to the value of the common shares issued on the date of grant being less than the value of the accounts payable settled.

SELECTED ANNUAL INFORMATION
($000s, except loss per share)

	November 30, 2017 $	November 30, 2016 $	November 30, 2015 $
Revenue	-	-	-
Net Loss	(1,650)	(2,235)	(3,160)
Basic and Diluted Loss Per Share	(0.03)	(0.07)	(0.19)
Total Assets	1,837	505	1,295
Long-Term Debt	-	-	-
Dividends	-	-	-

SUMMARY OF QUARTERLY RESULTS
($000s, except earnings per share)

Results for the eight most recently completed quarters are summarized as follows:

For the Periods Ending	May 31, 2018 $	February 28, 2018 $	November 30, 2017 $	August 31, 2017 $
Net loss	(2,463)	(648)	(793)	(319)
Loss per share	(0.05)	(0.01)	(0.01)	(0.01)

For the Periods Ending	May 31, 2017 $	February 28, 2017 $	November 30, 2016 $	August 31, 2016 $
Net loss	(503)	(35)	(1,537)	(273)
Loss per share	(0.01)	(0.00)	(0.04)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of $4,196,166 and working capital of $4,185,894 at May 31, 2018, compared to $121,526 of cash and $994,254 of working capital deficiency at November 30, 2017.

The Company's accounts payable and accrued liabilities at May 31, 2018 were $282,997 (2017 - $1,217,268) and loan payable was $211,971 (2017 - $nil).

The Company has taken the following measures to address working capital concerns during the 2018 fiscal period (as of the date of this MD&A):

- On March 21, 2018, the Company settled accounts payable of $550,000 by issuing 1,833,333 common shares of the Company;
- The Company received $355,900 on the exercise of 2,969,000 stock options; and
- The Company received $1,251,899 on the exercise of 5,321,160 warrants and agent warrants.

The Company will need to obtain additional financing in 2018 for working capital purposes and to continue exploration on its exploration and evaluation assets.

EVENTS SUBSEQUENT TO MAY 31, 2018

a) On June 20, 2018, the Company entered into a binding LOI whereby the Company can earn a 100% interest in the Bellary Dome exploration license 47/2555 from Marindi Metals Inc.

   Under the terms of the LOI, which will be formalized by a definitive agreement among the parties, the Company must pay $2,000,000 and issue 10,098,000 common shares of the Company on closing of the transaction. The Company must also pay $1,000,000, or issue common shares of the Company with that value, on each of the dates that are 12 months and 18 months following completion of the transaction.

   An advisory fee with respect to the transaction in the amount of 750,000 common shares of the Company will be paid.

b) Subsequent to May 31, 2018, the Company received $136,500 on the exercise of 650,000 stock options.

c) On July 19, 2018, the Company granted 2,175,000 stock options to consultants with an exercise price of $0.55 and a term to expiry of 3 years.

d) On July 25, 2018, the Company granted 450,000 stock options to officers and directors with an exercise price of $0.57 and a term to expiry of 3 years.

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss and were incurred in the normal course of operations:

	Six Months Ended May 31, 2018	Six Months Ended May 31, 2017
Short-term compensation (professional fees and consulting fees)	$ 188,000	$ 20,250
Share-based compensation	464,441	-
	$ 652,441	$ 20,250

Short-term compensation was paid or accrued as follows:

- $45,000 (2017 - $22,500 in management fees) in consulting to a private company controlled by a director and former CEO;
- $100,500 (2017 - $nil) in management fees to a private company controlled by the interim CEO;
- $42,500 (2017 - $22,500) in professional fees to a private company in which the CFO is a director; and
- $nil (2017 - $24,750 recovery in management fees) from a former President & CEO and a private company controlled by a former President & CEO;

Transactions with related parties are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss:

	Six Months Ended May 31, 2018	Six Months Ended May 31, 2017
Related company with a common officer (rent)	$ 18,000	$ -

As at May 31, 2018, the Company has outstanding amounts payable to current and former officers and directors of the Company of $62,250 (November 30, 2017 - $61,375) for outstanding fees and expenses. The amounts payable are non-interest-bearing, uncollateralized and repayable on demand.

As at May 31, 2018, the Company had payables of $nil (November 30, 2017 - $9,585) related to shared administrative expenses with a company related by a common officer.

COMMITMENTS

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its exploration and evaluation assets.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at fair value through profit or loss; receivables, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy:

May 31, 2018	Level 1	Level 2	Level 3	Total
Cash	$ 4,196,166	$ -	$ -	$ 4,196,166

November 30, 2017	Level 1	Level 2	Level 3	Total
Cash	$ 121,526	$ -	$ -	$ 121,526

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of May 31, 2018 equal $494,968 (November 30, 2017 - $1,217,268). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of May 31, 2018.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – The Company has no funds held in a foreign currency, and as a result, is not exposed to significant currency risk on its financial instruments at period-end.

ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended May 31, 2018. The Company is not subject to externally imposed capital requirements.

RISKS

The Company, and the securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.

The Company has a very limited history of operations, is in the early stage of development and has received no revenues other than insignificant interest revenues following its transition to a mineral exploration and development company. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company does not anticipate paying any dividends in the near future.

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, no assurance whatsoever can be given that the Company's interests may not be challenged by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

The exploration of mineral properties involves significant risks, which even experience, knowledge and careful evaluation may not be able to avoid. The price of metals has fluctuated widely, particularly in recent years, as it is affected by numerous factors that are beyond the Company's control, including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets, and Canadian income tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year are included in the note 5 of the audited financial statements.

FUTURE ACCOUNTING STANDARDS

For details of the Company's future accounting standards, including accounting standards not yet adopted and accounting standards amended but not yet effective, please refer to note 4 of the Company's audited financial statements.

DISCLOSURE OVER INTERNAL CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no significant changes to the Company's internal control environment during the six months ended May 31, 2018 that would have materially affected the Company's internal controls over financial reporting.

The Company's certifying officers concluded that the Company's internal disclosure controls and procedures are effective and sufficient to execute its business plan.

OUTSTANDING SHARE INFORMATION

	July 27, 2018	May 31, 2018	November 30, 2017
Common Shares	94,762,585	92,812,585	55,318,669
Warrants	25,677,899	25,677,899	5,411,333
Agent Warrants	1,447,956	1,447,956	221,227
Stock Options	8,558,000	6,583,000	5,377,000
Fully Diluted Shares	130,446,440	126,521,440	66,328,229