



Harfang Exploration Inc.
(formerly RedQuest Capital Corp.)

Management's Discussion and Analysis
Quarterly Highlights

Six months ended July 31, 2018

Harfang Exploration Inc.

Management Discussion & Analysis – Quarterly Highlights

Six months ended July 31, 2018

The following quarterly highlights management discussion and analysis (the “MD&A Highlights”) of the financial condition and results of the operations of Harfang Exploration Inc. (formerly RedQuest Capital Corp.) (the “Corporation”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for Q2-19.

This MD&A Highlights should be read in conjunction with the Corporation’s unaudited condensed interim consolidated financial statements for the six months ended July 31, 2018 prepared in accordance with the International Financial Reporting Standards (“IFRS”) as well as with the management discussion and analysis for the year ended January 31, 2018. All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on www.sedar.com. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period
Q1-18	February 1, 2017 to April 30, 2017
Q2-18	May 1, 2017 to July 31, 2017
Q2-18 YTD	February 1, 2017 to July 31, 2017
Q3-18	August 1, 2017 to October 31, 2017
Q4-18	November 1, 2017 to January 31, 2018
Q1-19	February 1, 2018 to April 30, 2018
Q2-19	May 1, 2018 to July 31, 2018
Q2-19 YTD	February 1, 2018 to July 31, 2018
Q3-19	August 1, 2018 to October 31, 2018
Q4-19	November 1, 2018 to January 31, 2019

1. NATURE OF ACTIVITIES

The Corporation was incorporated on March 30, 2010 and on June 22, 2017, in conjunction with a reverse takeover, continued under the Business Corporations Act (Québec) and changed its name from “RedQuest Capital Corp.” to “Harfang Exploration Inc.”. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under symbol HAR. The Corporation’s head office is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Corporation, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in the James Bay area in the Province of Québec for precious metals.

2. CORPORATE UPDATE

2.1 Financial Highlights

On July 12, 2018, the Corporation completed a non-brokered private placement concluded with investors including institutional funds for aggregate gross proceeds of \$1,123,750. Under this private placement, the Corporation issued 2,565,000 units at a price of \$0.25 per unit and 1,206,250 flow-through common shares at a price of \$0.40 per flow-through common share. Each unit was comprised one common share and one half of one common share purchase warrant, with each warrant being exercisable into one additional common share for 24 months from the closing date of the private placement at an exercise price of \$0.40 per common share. Share issue expenses, including the finder’s fees of \$3,300, totalled \$37,589. Certain officers and directors of the Corporation purchased an aggregate of 100,000 units for \$25,000 and an aggregate of 85,000 flow-through common shares for \$34,000.

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2. CORPORATE UPDATE (CONT'D)

The Corporation has working capital of \$2,742,138 as at July 31, 2018, (\$2,400,073) as at January 31, 2018). From this working capital, the Corporation has to dedicate \$423,594 to Canadian mining properties exploration, pursuant to the terms of the July 12, 2018 flow-through financings and has to dedicate \$30,705 of exploration work, pursuant to the July 12, 2018 financing with SIDEX, société en commandite. The Corporation completed before July 31, 2018 all work related to Canadian mining properties exploration, imposed by the terms of the June 22, 2017 flow-through financings completed by Harfang Exploration Inc., a private corporation with which the Corporation amalgamated as of June 22, 2017 as part of its qualifying transaction (“Harfang”). The Corporation is constantly seeking financing or business opportunities.

The Corporation reported a net loss of \$628,053 in Q2-19 YTD (\$1,273,661 in Q2-18 YTD). The main variations are as follow:

- Exploration and evaluation expenditures, net of tax credits \$415,134 (\$346,225 in Q2-18 YTD) (see section on exploration activities).
- Salaries and benefits compensation for \$79,820 (\$18,411 in Q2-18 YTD). François Goulet is coordinating management and exploration activities. He is president and CEO of the merged companies since June 22, 2017 and is on Corporation’s payroll from this date.
- Stock-based compensation for 68,732 (\$123,200 in Q2-18 YTD). On March 15, 2018 and July 18, 2018, a total of 415,000 stock options (550 000 in Q2-18 YTD) were granted and their fair value was estimated at \$91,900 (\$123,200 in Q2-18 YTD). A portion of this fair value (\$49,000) was accounted for according to its vesting period (1/3 on Q2-19 YTD and 1/3 per year thereafter).
- Consulting and professional fees for \$132,471, office and administrative for \$27,931, travel, conference and investor relations for \$22,061 and filing fees for \$29,673 (\$90,162 in aggregate in Q2-18 YTD). The Corporation is a listed company that is actively operating as opposed to Harfang that was a private company focussing on grass root exploration with limited corporate activities.
- Listing expense for \$811,927 were incurred during Q2-18 YTD as part of the reverse takeover and related transactions from which the Corporation emerged (nil in Q2-19 YTD).
- Deferred income taxes recovery for \$125,353 (\$112,100 in Q2-18 YTD). This recovery represents mainly the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the June 22, 2017 and July 12, 2018 private placement.

The Corporation reported a net loss of \$463,066 in Q2-19 (\$1,168,738 in Q2-18). The explanations for the main variations are the same as the Q2-19 YTD above.

2.2 Use of funds following the qualifying transaction

In connection with its proposed qualifying transaction described in the June 14, 2017 filing statement, Harfang had to complete private placement to raise a minimum of \$500,000 and a maximum of \$3,100,000. Harfang completed financing of \$2,677,000 in June 22, 2017 (\$1,910,500 of units and \$766,500 of flow-through).

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2. CORPORATE UPDATE (CONT'D)

Following is a table summarizing the use of funds:

	Assuming completion of the minimum concurrent financing	Assuming completion of the maximum concurrent financing	Up to July 31, 2018
	\$	\$	\$
Expenses payable in connection with the private placement	5,000	5,000	17,400
Costs related to complete the qualifying transaction	176,000	176,000	188,357
Exploration work	250,410	900,000	938,324
General and administrative expenses	262,645	262,645	600,791
Unallocated working capital	617,173	2,567,583	91,700
	1,311,228	3,911,228	1,836,572

3. EXPLORATION ACTIVITIES

	Q2-19	Q2-18	Q2-19 YTD	Q2-18 YTD
	\$	\$	\$	\$
Lake Ménarik				
Salaries and benefits	71,157	-	99,029	-
Geology	118,048	117,182	129,069	123,959
Analysis	2,026	6,150	2,026	6,150
Transportation	8,234	1,034	8,510	1,034
Geophysics	-	60,699	-	60,699
Lodging and food	12,969	543	14,392	543
Supplies and equipment	11,151	253	12,906	253
Taxes, permits and insurance	336	-	336	-
	223,921	185,861	266,268	192,638
Ménarik East				
Salaries and benefits	-	-	2,167	-
Geology	1,441	124,659	1,441	124,659
Analysis	-	50	-	50
Transportation	5,680	1,035	5,680	1,035
Geophysics	-	52,605	-	52,605
Lodging and food	33	1,238	33	1,238
Supplies and equipment	256	252	256	252
	7,410	179,839	9,577	179,839
Serpent				
Salaries and benefits	14,546	-	15,479	-
Geology	42,395	-	43,645	-
Analysis	1,071	-	1,071	-
Transportation	4,105	-	4,105	-
Lodging and food	2,592	-	2,592	-
Supplies and equipment	2,009	-	2,008	-
	66,718	-	68,900	-

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3. EXPLORATION ACTIVITIES (CONT'D)

	Q2-19	Q2-18	Q2-19 YTD	Q2-18 YTD
	\$	\$	\$	\$
Muskeg				
Salaries and benefits	16,140	-	17,231	-
Geology	2,459	-	3,659	-
Analysis	1,844	-	1,844	-
Transportation	3,129	-	3,129	-
Lodging and food	4,442	-	4,442	-
Supplies and equipment	2,009	-	2,009	-
	30,023	-	32,314	-
Lake Fagnant				
Salaries and benefits	3,153	-	3,713	-
Geology	10,339	-	10,433	-
Transportation	3,249	-	3,249	-
Lodging and food	104	-	103	-
Recharge to partner	(10,007)	-	(10,334)	-
	6,838	-	7,164	-
Lake Aulneau				
Salaries and benefits	1,731	-	1,731	-
Geology	1,131	-	2,231	-
	2,862	-	3,962	-
Generation				
Salaries and benefits	8,766	-	11,925	-
Geology	14,298	8,920	14,475	8,920
Analysis	254	-	254	-
Transportation	292	-	292	-
Lodging and food	3	-	3	-
	23,613	8,920	26,949	8,920
Total				
Salaries and benefits	115,493	-	151,275	-
Geology	190,111	250,761	204,953	257,538
Analysis	5,195	6,200	5,195	6,200
Transportation	24,689	2,069	24,965	2,069
Geophysics	-	113,304	-	113,304
Lodging and food	20,143	1,781	21,565	1,781
Supplies and equipment	15,425	505	17,179	505
Taxes, permits and insurance	336	-	336	-
Recharge to partner	(10,007)	-	(10,334)	-
	361,385	374,620	415,134	381,397

Mr. François Goulet, M.Sc. P.Geo, President and Chief Executive Officer of the Corporation, a qualified person as defined by National Instrument 43-101 has verified the technical content in this section.

Below is a summary of the significant properties in which the Corporation has an interest.

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3. EXPLORATION ACTIVITIES (CONT'D)

3.1 Lake Ménarik Property

Property Description

As at July 31, 2018, the Corporation owns a 100% interest on 93 claims covering 4,779 ha in NTS Sheet 33F06. The property is located 45 km south of Radisson and 7 km northeast of the junction between the Transtaiga Road and the James Bay Road. Most claims of the Lake Ménarik Property are subject to a 2% net smelter return royalty which Osisko Gold Royalties Ltd (“Osisko”) is retaining.

Exploration work on the property

The Corporation has not conducted fieldwork on the Lake Ménarik Property during Q1-19 but has progressed in the planning of the upcoming summer exploration program which will include mechanical trenching, detailed mapping and rock sampling. During that period, the Corporation also completed permit applications necessary for such fieldwork and contacted specific members of the Chisasibi community (Chief, Deputy Chief, Local Fur Trader, tallymen) to inform them about its summer field activities.

The Corporation has conducted fieldwork in two distinct phases on the Lake Ménarik Property during Q2-19, extending into Q3-19. During the first phase in June, the geological staff spent one day collecting grab samples in quartz veins in the northeastern portion of the property. A total of 69 samples were submitted to Laboratoire Expert Inc. (“Laboratoire Expert”) in Rouyn-Noranda (65 grabs, 2 standards, 2 blanks). These samples were analysed for Au-Ag-Cu-Pb-Zn and all certificates of analyses were received in July. Analytical results will be disclosed later during the actual fiscal year. The second field intervention began on July 2, 2018 and continued until August 22, 2018. Most of the work carried out during this second phase was focused on mechanical trenching in and around the gold-bearing monzonite. The Corporation completed 31 trenches during the entire program which were positioned either on induced polarization anomalies detected by two geophysical surveys completed in 2014 and 2017, on known gold showings and/or on important structural and geological features. More specifically, these trenches tested areas around Nova, David, Ben-Gord, Gordie, Giaro, Benoît, Pierre, Ekomiak and Ekomiak Sud showings. A total of 446 rock samples were collected in the trenches and on surrounding outcrops; 373 of them are from channel sampling and 73 are grab samples. Ten standard and 10 blank samples were added to the collected samples for QAQC purposes. All samples were sent to Laboratoire Expert and have been analysed for Au and Ag. Copper was also analysed for samples containing chalcopyrite. All certificates of analyses have been received by the Corporation and analytical results will be disclosed later during the actual fiscal year.

In order to strengthen our relationships with local communities, the Corporation planned one meeting with specific members of the Chisasibi community and one meeting with the Radisson representatives. These meetings were held in August.

3.2 Ménarik East Property

Property Description

As at July 31, 2018, the Corporation owns a 100% interest on 68 claims covering 3,494 ha in NTS Sheet 33F06. This property, contiguous to the Lake Ménarik Property, is located 48 km southeast of Radisson.

The Ménarik East Property exposes an ultramafic-mafic complex containing historical mineral resources in chromium, platinum, palladium, nickel and copper. These historical resources include 6.34 Mt @ 7.73% Cr₂O₃, 398 ppb Pd and 105 ppb Pt. These estimates do not refer to any category of mineral resources or mineral reserves of the NI-43-101 Instrument such as stated in the 2014 CIM Definition Standards on Mineral Resources and Mineral Reserves. These estimates are treated as historical information and have not been verified by the Corporation. The Corporation is not treating these historical estimates as current mineral resources. Several gold and polymetallic showings are located at the periphery of the complex, more specifically in close association with felsic intrusions and gabbroic dykes.

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3. EXPLORATION ACTIVITIES (CONT'D)

Exploration work on the property

The Corporation has not done any work on the Ménarik East Property during Q1-19. A one-day geological visit was done on the property in August 2018 (Q3-19). Two geologists from the Corporation returned to selected gold showings for additional observations in preparation for a future exploration program.

3.3 Serpent Property

Property Description

As at July 31, 2018, the Corporation owns 255 mining claims staked by map designation covering 13,197 ha in NTS sheets 33F02 and 33F03. These claims, 100%-owned by the Corporation and grouped into two individual blocks, have been named the Serpent Property. The property is in the James Bay area, 90 km SSE of Radisson and 11 km east of the James Bay Road. The eastern limit of the Serpent Property is contiguous to the Sakami gold project (Quebec Precious Metals Corporation).

Exploration work on the property

The Corporation did not carry any fieldwork on the Serpent Property during Q1-19. During that period, the team completed the geological and logistic preparation for the exploration campaign to be conducted during Q2-19. Fieldwork on that property was carried on in two distinct phases in June and August 2018. The first phase included prospecting, geological mapping and rock sampling in the northern and southern blocks of claims. One of the main objectives was to continue prospecting in the immediate surroundings of gold and/or copper showings discovered during summer 2017. Samples from these mineralized sites returned up to 4.11 g/t Au and 2.11% Cu (press release dated on October 11, 2017). The gold occurrence in the northern block (1.77 g/t Au), now known as the Langelier showing, refers to boudinaged quartz veins enclosed in a metric wide shear zone hosted in foliated diorite of the Langelier Complex. That shear zone extends over approximately 75 m. The copper and gold showing located in the southern block, now referred to as Mista, corresponds to a 280 m long zone characterized by quartz veins and stockwerk injected into foliated tonalite and mafic rocks of the Langelier Complex. One of these veins is locally as thick as 10 m. Disseminated sulfides include chalcopyrite, bornite, covellite, pyrrhotite and pyrite. Accessory chalcocite may be present too. The best grab samples collected on Mista showing in 2017 graded 2.11% Cu, 19.1 g/t Ag, and 0.68 g/t Au. During Q2-19, prospecting and geological mapping were also carried on specific targets over the entire property. During this first phase, the Corporation collected 96 grab samples.

During the second phase of field investigation conducted in August 2018, channel sampling was done over the Langelier and Mista showings together with more prospecting. During that phase, the staff collected 33 channel and 5 grab samples.

All samples collected during both phases, together with standards and blanks, were sent to Laboratoire Expert. They were analysed for Au-Ag-Cu-Pb-Zn. The Corporation received all certificates of analyses and intends to disclose these analytical results later during the actual fiscal year.

Letters were sent to specific members of the Wemindji Cree community (Chief, Deputy Chief, Local Fur Trader, tallymen) during Q1-19 to inform them about the Corporation's summer field activities.

3.4 Muskeg Property

Property Description

As at July 31, 2018, the Muskeg Property, located in NTS sheet 33C01, is made up of 60 mining claims staked by map designation. These claims, covering 3,168 ha, are 100%-owned by the Corporation. One claim was added to the property during Q2-19. The property is in James Bay on the south shore of the Eastmain Reservoir and approximately 60 km north of the Nemaska Cree Community. The Muskeg gravel road runs through the southern portion of the claims.

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3. EXPLORATION ACTIVITIES (CONT'D)

Exploration work on the property

The Corporation did not carry any fieldwork on the Muskeg Property during Q1-19. During that period, the team completed the geological and logistic preparation for the exploration campaign to be conducted during Q2-19. The geological context, characterized by volcano-sedimentary rocks (including iron formations and polygenic conglomerates), is favourable for gold and base metal (Cu, Zn, Pb) mineralizations. The property is known to host three zinc showings (Peno, Réservoir Opinaca-1, Lac Delta/Anomalie C-18) with anomalous contents in gold, copper and silver.

Prospecting, geological mapping and rock sampling were done in June 2018 in the eastern portion of the property. A total of 53 grab samples were collected and analysed for Au-Ag-Cu-Zn-Pb by Laboratoire Expert. Two standards and two blanks were also sent to the laboratory for quality control. All analytical results have been received by the Corporation. None of the samples returned anomalous metal contents. The next exploration phase will cover the western portion of the property where folded iron formations are crosscut by structural lineaments such as faults and shear zones.

During Q1-19, letters were sent to specific members of the Eastmain Cree community (Chief, Deputy Chief, Local Fur Trader, tallyman) to inform them about the Corporation's summer field activities.

3.5 Lake Fagnant Property (joint venture)

Property Description

As at July 31, 2018, the Lake Fagnant Property is an aggregate of 85 mining claims totaling 4,190 ha located in NTS sheets 33N02 and 33N03. These claims were staked by map designation by the Corporation and Kenorland Minerals Ltd. ("Kenorland"). The property is located 55 km east of Whapmagoostui/Kuujuarapik (Nunavik) and 155 km north of Radisson. It covers the northwestern portion of the Archean Great Whale greenstone belt in the Bienville Subprovince of the Superior Province.

On August 5, 2018, the Corporation and Kenorland entered into an amended and restated joint venture agreement with UrbanGold Minerals Inc. ("UrbanGold") on the Lake Fagnant Property. Under this agreement, the number of mining claims comprising the Lake Fagnant Property has increased from 85 mining claims (the "Initial Claims") to 90 mining claims covering 4437 ha. The additional 5 mining claims are subjected to a 1% net smelter return (NSR) royalty divided between Geotest Corporation (0.5%) and Wayne Holmstead (0.5%). The initial respective participating interests of the participants are as follows: 40% for the Corporation, 40% for Kenorland and 20% for UrbanGold. The operator of the joint venture will be the Corporation for as long as its participating interest is equal to or greater than the others participants'. If the Corporation's or Kenorland's interest is diluted to less than 10%, it will be converted into a 1% NSR royalty on the Lake Fagnant Property. The operator will have the right to buy-back half of this royalty (0.5% NSR) for \$500,000 or, under certain circumstances, the aggregate royalty (1% NSR) for \$1,000,000. If UrbanGold's participating interest is diluted to less than 10%, then UrbanGold interest will be converted to a 0.5% NSR royalty on the Initial Claims. The operator will have the right to buy-back half of the NSR royalty (0.25% NSR) for \$250,000 or, under certain circumstances, the aggregate royalty (0.5% NSR) for \$500,000.

Exploration work on the property

The Corporation has not done any work on the Lac Fagnant Property during Q1-19 but has progressed in the planning of the field visit which was done in July 2018. During Q1-19, Kenorland has produced a geological compilation in preparation for a future exploration program.

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3. EXPLORATION ACTIVITIES (CONT'D)

In July 2018, the Corporation and Kenorland visited most of the gold showings known on the property. Two metallogenic settings are reported in previous geological reports: 1) mesothermal alteration zones associated to shear zones cutting across basalt, 2) basalt-hosted polymetallic quartz veins. Best values published in historical work include 3.66 g/t Au over 8.6 m and grab samples with 48.46 g/t Au and 29.25 g/t Au, 70 g/t Ag, 7.72% Pb and 8.9% Zn. Gold and/or base metal occurrences are mainly distributed along two structural corridors known as Esker and Cuesta. These corridors extend over more than 1 km and are spaced 500 m apart.

During the Q2-19 field visit, the Corporation collected 15 grab samples on selected showings. Samples were sent to Laboratoire Expert to be analyzed for Au-Ag-Cu-Pb-Zn. All analytical results were received and will be disclosed later during the actual fiscal year.

3.6 Lake Aulneau Property

Property Description

As at July 31, 2018, the Lake Aulneau Property is composed of 134 mining claims totaling 6,297 ha. Two claims were added during Q2-19. On May 23, 2018, the Corporation announced the acquisition of this new property located in NTS sheets 24C15, 24C16 and 24F02 (Nunavik). The claims, 100%-owned by the Corporation and staked by map designation, cover rocks belonging to the Labrador Through. The property is located 125 km south of Kuujuaq and 265 km north of Schefferville.

The property encompasses six copper, nickel, platinum and palladium prospects and showings, namely Marymac I, Lepage, Island, Redcliff, Float, and Nine South. Historical resources were calculated from diamond drillholes completed in the 1970's and 1980's and published in previous exploration reports for four of the previously-mentioned mineralized occurrences. They include 1,088,000 Mt @ 2.02% Cu, 0.45% Ni, 1.0 g/t Pt and 3.1 g/t Pd for the Lepage and Island zones combined, 1,068,000 Mt @ 2.09% Cu and 0.51% Ni for the Redcliff prospect, and 133,000 Mt @ 2.10% Cu and 0.43% Ni for the Float prospect. These estimates do not refer to any category of mineral resources or mineral reserves of the NI-43-101 Instrument such as stated in the 2014 CIM Definition Standards on Mineral Resources and Mineral Reserves. These estimates are treated as historical information and have not been verified by the Corporation. The Corporation is not treating these historical estimates as current mineral resources. Anomalous gold and silver values are locally associated to Cu-Ni-Pt-Pd occurrences.

Exploration work on the property

The Corporation has not done any fieldwork on the Lake Aulneau Property during Q2-19 and the first part of Q3-19. The Corporation has initiated a geological compilation to enhance the full potential of the property and generate exploration targets.

3.7 Projects Generation

The Corporation continued its geological compilation program for the acquisition of new strategic gold and base metal properties in Québec. New geological targets located outside the Corporation's portfolio of properties were tested by prospecting during Q2-19.

September 26, 2018

(s) François Goulet
François Goulet
President and CEO

(s) Yvon Robert
Yvon Robert
CFO