



# **Harfang Exploration Inc.**

Management's Discussion and Analysis

Year ended January 31, 2019

# Harfang Exploration Inc.

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# Harfang Exploration Inc.

## Management Discussion & Analysis

For the year ended January 31, 2019

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The following management discussion and analysis (the “MD&A”) 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 the year ended January 31, 2019. This MD&A should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended January 31, 2019 (the “Financial Statements”), which are prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All figures are in Canadian dollars unless otherwise noted. This MD&A is current as of May 21, 2019.

The MD&A contains forward-looking statements not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no guarantee that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to; economic conjuncture, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to the calculation of mineral reserves and requirements of additional financing and the capacity of the Corporation to obtain financing.

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](http://www.sedar.com). The following abbreviations are used to describe the periods under review throughout this MD&A:

<b>Abbreviation</b>	<b>Period</b>
Q1-18	February 1, 2017 to April 30, 2017
Q2-18	May 1, 2017 to July 31, 2017
Q3-18	August 1, 2017 to October 31, 2017
Q4-18	November 1, 2017 to January 31, 2018
Fiscal 18	February 1, 2017 to January 31, 2018
Q1-19	February 1, 2018 to April 30, 2018
Q2-19	May 1, 2018 to July 31, 2018
Q3-19	August 1, 2018 to October 31, 2018
Q4-19	November 1, 2018 to January 31, 2019
Fiscal 19	February 1, 2018 to January 31, 2019
Q1-20	February 1, 2019 to April 30, 2019
Q2-20	May 1, 2019 to July 31, 2019
Fiscal 20	February 1, 2019 to January 31, 2020

## 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) (the “QBCA”) 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 an 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 \$40,960.

On March 20, 2019, the Corporation completed a non-brokered private placement for an aggregate gross proceeds of \$1,452,880. Under this private placement, the Corporation issued 2,017,476 common shares at a price of \$0.21 per common share, 2,014,034 flow-through common shares at a price of \$0.30 per flow-through common share (“\$0.30 FT Shares”) and 1,214,286 flow-through common shares at a price of \$0.35 per flow-through common share (“\$0.35 FT Shares”). The \$0.35 FT Shares were part of an arrangement through which Osisko Gold Royalties Ltd (“Osisko”) became the ultimate owner of all the \$0.35 FT Shares. Finder's fees of \$14,235 were paid. Certain directors of the Corporation purchased an aggregate of 95,000 \$0.30 FT Shares for \$28,500.

### **2.2 Claims acquisitions**

- The Corporation staked by map designation 134 mining claims (the “Lake Aulneau Property”), 100% owned by the Corporation and is located 125 km south of Kuujuaq and 265 km north of Schefferville.
- On August 5, 2018, the Corporation and Kenorland Minerals Ltd. (“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 included in the Lake Fagnant Property has increased from 85 mining claims (the “Initial Claims”) to 90 mining claims. The initial respective participating interests of the participants are follows: Corporation (40%), Kenorland (40%) and UrbanGold (20%).
- The Corporation continued some geological compilation programs in Quebec for the acquisition of new strategic gold and base metal properties (“Projects Generation”).

### **2.3 Use of funds following the qualifying transaction**

In connection with its proposed qualifying transaction described in the June 14, 2017 filing statement, Harfang Exploration Inc., a private corporation with which the Corporation amalgamated as of June 22, 2017 as part of its qualifying transaction (“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 January 31, 2019
	\$	\$	\$
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	1,237,414
General and administrative expenses	262,645	262,645	961,391
Unallocated working capital	617,173	2,567,583	128,881
	<b>1,311,228</b>	<b>3,911,228</b>	<b>2,533,443</b>

**2.4 Next 12 months outlook**

The following is a summary of main goals for the next 12 months:

- Complete financing from \$200,000 to \$500,000.
- Prospecting, trenching, and rock and till sampling at the Serpent project for a budget of \$440,000 during summer.
- IP survey and prospecting at the Serpent Property for a budget of \$125,000 during fall.
- Prospection on selected priority targets according to our generative program for a budget of \$435,000.
- Consider potential partnership on our properties with other exploration companies.
- Pursue its compilation programs in Quebec for the acquisition of gold and base metal projects.

**3. EXPLORATION AND EVALUATION ACTIVITIES**

	Q4-19	Q4-18	Fiscal 19	Fiscal 18
	\$	\$	\$	\$
<b>Lake Ménarik</b>				
Salaries and benefits	22,780	3,469	166,447	3,469
Geology	3,924	16,179	193,926	151,150
Analysis	1,007	-	9,230	7,775
Transportation	58	4,800	11,395	7,355
Geophysics	-	-	-	63,731
Lodging and food	20	-	19,385	544
Supplies and equipment	-	-	17,120	1,919
Taxes, permits and insurance	-	-	336	-
	27,789	24,448	417,839	235,943
<b>Ménarik East</b>				
Salaries and benefits	2,127	-	4,293	-
Geology	301	1,080	1,743	177,083
Analysis	-	-	-	4,517
Transportation	-	-	5,680	2,352
Geophysics	-	-	-	60,689
Lodging and food	-	-	33	1,238
Supplies and equipment	-	-	256	1,919
	2,428	1,080	12,005	247,798

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**3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

	<b>Q4-19</b>	<b>Q4-18</b>	<b>Fiscal 19</b>	<b>Fiscal 18</b>
	\$	\$	\$	\$
<b>Serpent</b>				
Salaries and benefits	6,511	-	43,640	-
Geology	26,189	4,827	143,228	42,774
Analysis	11,628	-	15,322	2,771
Transportation	58	-	5,395	-
Geophysics	-	-	-	15,156
Lodging and food	20	-	7,041	-
Supplies and equipment	-	-	3,402	1,667
	<b>44,406</b>	<b>4,827</b>	<b>218,028</b>	<b>62,368</b>
<b>Muskeg</b>				
Salaries and benefits	-	-	18,170	-
Geology	362	766	4,022	766
Analysis	-	-	1,844	-
Transportation	-	-	3,201	-
Lodging and food	-	-	4,442	-
Supplies and equipment	-	-	2,189	-
	<b>362</b>	<b>766</b>	<b>33,868</b>	<b>766</b>
<b>Lake Fagnant</b>				
Salaries and benefits	-	472	3,711	472
Geology	381	143	11,076	143
Analysis	-	-	996	-
Transportation	-	-	3,249	-
Lodging and food	-	-	104	-
Recharge to partners	(228)	-	(11,318)	-
	<b>153</b>	<b>615</b>	<b>7,818</b>	<b>615</b>
<b>Lake Aulneau</b>				
Salaries and benefits	-	-	1,730	-
Geology	-	-	3,079	-
	-	-	4,809	-
<b>Generation</b>				
Salaries and benefits	13,597	943	31,642	943
Geology	2,390	13,913	25,982	13,913
Analysis	2,865	-	3,526	-
Transportation	1,191	1,110	1,483	1,864
Lodging and food	552	930	555	930
	<b>20,595</b>	<b>16,896</b>	<b>63,188</b>	<b>17,650</b>
<b>Total</b>				
Salaries and benefits	45,015	4,884	269,633	4,884
Geology	33,547	36,908	383,056	385,829
Analysis	15,500	-	30,918	15,063
Transportation	1,307	5,910	30,403	11,571
Geophysics	-	-	-	139,576
Lodging and food	592	930	31,560	2,712
Supplies and equipment	-	-	22,967	5,505
Taxes, permits and insurance	-	-	336	-
Recharge to partners	(228)	-	(11,318)	-
	<b>95,733</b>	<b>48,632</b>	<b>757,555</b>	<b>565,140</b>

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.

### **3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

#### **3.1 Lake Ménarik Property**

##### ***Property Description***

As at January 31, 2019, the Corporation owns a 100% interest on 93 claims totalling 4,779 hectares 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 summer exploration program which included mechanical trenching, detailed mapping and rock sampling. During Q1-19, the Corporation also completed permit applications necessary for such fieldwork.

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 on the new Bing gold showing. A total of 69 samples was submitted to Laboratoire Expert in Rouyn-Noranda (65 grabs, 2 standards, 2 blanks). Results from the Bing showing are given below.

The second field intervention began on July 2, 2018 and continued until August 22, 2018 (Q2-19 and Q3-19). 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 analyzed for Au and Ag. Copper was also analyzed for samples containing chalcopyrite.

The Corporation published a press release on January 16, 2019 concerning analytical results obtained during summer 2018 fieldwork. Analytical highlights include:

- 12.46 g/t Au and 25.5 g/t Ag over 3.60 m (Gordie showing);
- 18.75 g/t Au, 31.1 g/t Ag and 0.41% Cu over 0.88 m and 5.38 g/t Au, 6.3 g/t Ag over 0.80 m (David showing);
- 18.99 g/t Au, 7.0 g/t Ag over 0.35 m (near Ekomiak showing).

These high-grade gold occurrences are predominantly associated to deformed and submetric quartz veins hosted in a monzonite intrusion (e.g. David, Nova, Ben-Gord, Amy, Giaro and Benoît showings) and its adjacent volcano-sedimentary host rock (e.g. Gordie, Ekomiak, Massé and Greco showings). This mineralization style, possibly related to deformation along regional structures, needs further fieldwork investigation as the potential of high-grade gold in quartz veins (>10 g/t Au) has been disregarded in the project history.

### **3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

The Bing showing located in the eastern part of the property corresponds to a newly-discovered mineralized occurrence (100 m x 75 m wide zone) made up of altered mafic volcanics and monzonitic dykes injected by abundant quartz veins. Best grab samples returned 1.61, 1.75 and 2.61 g/t Au. Silver and lead are anomalous in a few quartz veins grading up to 235 g/t Ag and 0.15% Pb. This discovery, located 7 km northeast of the main monzonite intrusion, supports the idea that ENE-WSW regional structures associated to gold-bearing quartz veins extend across the entire property towards the Ménarik East Property (100% owned by the Corporation). Additional and yet not-prospected quartz veins are present around Bing showing.

During Q4-19, a geological report summarizing the 2017 exploration program on the project was submitted to the Ministère de l'Énergie et des Ressources Naturelles du Québec for statutory works. Analytical results for bismuth and tellurium from 39 rock samples collected during summer 2018 were also received from ALS Canada (Val-d'Or). These additional analyses better constrain to the chemical signature of the mineralized zones.

During Q1-19, letters were sent to specific members of the Chisasibi Cree community (Chief, Deputy Chief, Local Fur Trader, tallymen) to inform them about the Corporation's Summer field activities. Also, in order to strengthen our relationships with local communities, the Corporation held a meeting with some members of the Chisasibi community and a meeting with Radisson representatives. These meetings were held in August.

The Corporation is actively looking for an exploration partner to undertake a drilling program as part of a joint venture.

#### **3.2 Ménarik East Property**

##### ***Property Description***

As at January 31, 2019, 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% Cr<sub>2</sub>O<sub>3</sub>, 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.

##### ***Exploration work on the property***

The Corporation has not done any fieldwork on the Ménarik East Property during Q1-19 and Q2-19 but some time was spent reassessing the geological interpretation. A one-day geological visit was realized on the field 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. No work was done in Q4-19.



### **3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

#### **3.3 Serpent Property**

##### ***Property Description***

As at January 31, 2019, the Corporation owns 295 mining claims (15,267 ha) staked by map designation in NTS sheets 33F02 and 33F03 referred to as the Serpent Property. During Q1-20, 32 claims (1,655 ha) were added to the property which is now composed of 327 claims (16,922 ha). These claims, 100%-owned by the Corporation, are in the James Bay area, 90 km SSE of Radisson and 10 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). Its western limit is adjacent to the Radisson Project (LaSalle Exploration Corp.).

##### ***Exploration work on the property***

During Q1-19, the Corporation proceeded to the geological and logistic preparation for the exploration campaign completed during Q2-19. Summer fieldwork was carried on in two distinct phases in June and August 2018 and included prospecting, geological mapping and rock sampling in different areas of the property. 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 shear zone 2-3 metres wide hosted in foliated diorite of the Langelier Complex. That shear zone crops out over approximately 75 m. The copper, gold and silver 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 and sheared metamorphosed tonalite and diorite of the Langelier Complex. Some mineralized sites appear to be hosted into highly altered and sheared quartzo-feldspathic metasedimentary rocks. Disseminated sulfides include chalcopyrite, pyrrhotite and pyrite with traces of bornite and covellite. Accessory chalcocite may be present too. The best grab samples collected on Mista showing in 2017 graded 2.11% Cu, 0.68 g/t Au and 19.1 g/t Ag. During the summer 2018 phase, the Corporation collected 101 grab and 33 channel samples. Channeling was only done on the Langelier and Mista showings.

The Corporation completed another field intervention from September 24 to October 12, 2018. Besides prospecting, the Corporation realized small-scale till and soil surveys in the immediate surroundings of both showings. The main objectives of these surveys were to test the geochemical signature of the mineralized zones in glacial sediments and soil, and to trace back possible bedrock sources for gold in till. The till survey covered a 2.6 km x 2.2 km area around Mista; each sample collected approximately 500 m apart. The soil survey included 3 lines over each showing with all samples taken 25 m apart along each line. Lines over Langelier were 200 m long and spaced 50 m apart whereas those over Mista were 250 m long and spaced roughly 90 m apart. Prospecting allowed the discovery of another gold-bearing shear zone 20 m north of the initial Langelier showing. A total of 48 rock samples were collected together with 27 till and 49 soil samples during fall. More specifically, till samples included 27 15-kg and 27 1-kg samples collected on 27 different sites.

All rock samples, together with standards and blanks, were sent to Laboratoire Expert (Rouyn-Noranda) where they were analyzed for Au-Ag-Cu-Pb-Zn. A total of 23 selected mineralized pulps from the same samples collected at Langelier and Mista showings were sent to ALS Canada (Val-d'Or) to be analyzed for a suite of 48 chemical elements. The 15-kg till samples were processed for the determination of gold grain count and shape determination by Overburden Drilling Management (Nepean, Ontario). The heavy mineral concentrate of each till sample was analyzed by Actlabs (Ancaster, Ontario) for a suite of 43 elements. The 1-kg till samples and soil samples were analyzed by ALS Canada for a suite of 48 elements. Preliminary interpretation regarding the significance of the till and soil results was given by Consultants Inlandsis in Q4-19.

### **3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

Significant analytical results from rock samples collected during summer and fall 2018 were published in press releases dated on October 11 and November 7, 2018. Others are also listed below:

- 91.48 g/t Au over 0.45 m (channel) and 17.79 g/t Au and 54.75 g/t Au (grab) (Langelier showing);
- 33.84 g/t Au and 6.17 g/t Au (grab) (shear zone-hosted quartz veins 20 m north of the initial Langelier showing);
- 1.12% Cu, 0.23 g/t Au and 8.68 g/t Ag over 10 m, including 2.09% Cu, 0.45 g/t Au and 16.4 g/t Ag over 4 m (Mista showing);
- 3.04% Cu, 1.93 g/t Au and 20.0 g/t Ag (grab) (Mista showing);
- 21.91 g/t Au (grab) (sheared tonalite 300 m south of Mista showing);
- 0.87 g/t Au (grab) (3.3 km northeast of Langelier showing);
- 1.18 g/t Au (grab) (easternmost part of the property, near Lake Sakami).

The Corporation published a press release on December 10, 2018 on the till survey results around Mista showing. Many of these samples contain significant quantities of gold grains (up to 17 grains), high pristine/total gold grains ratios, and gold values (above 30 g/t Au) in heavy mineral concentrates. Till results show that the northwestern and southwestern portions of the survey contain more gold grains. Moreover, samples in the northwest contain scheelite (up to 30 grains) whereas those in the southwest contain loellingite (up to 7 grains) suggesting two distinct sources. Both scheelite and loellingite are indicator minerals for gold deposits. Calculated concentrations of visible gold in heavy mineral concentrates range between 0.1 and 249.2 g/t Au for eight samples whereas analytical results of the heavy mineral concentrate returned 4 samples above 0.5 g/t Au (one sample with >30 g/t Au). This very high gold grade is caused by a coarse gold grain reaching 1.43 mm x 0.55 mm x 0.50 mm. The current interpretation proposed by Consultants Inlandsis suggests three potential sources for the auriferous tills. One would be linked to the scheelite, while two others could be associated to the loellingite.

The soil survey results yielded relatively low metal values. However, one sample collected in soil over the main shear zone returned 93 ppb Au which is the highest value of the survey.

During Q1-20, Geo Data Solutions GDS Inc. flew a heliborne magnetic survey over the entire property. A total of 2,755 linear kilometres was flown with nominal traverse and control line spacing at 75 m and 464 m, respectively. Ground clearance was 30 m. Since Q4-19, the Corporation is actively working on the planning of the next exploration phase on the property which will begin during Q2-20.

Letters were sent to specific members of the Wemindji Cree community (Chief, Deputy Chief, Local Fur Trader, tallymen) during Q1-19 and Q1-20 to inform them about the Corporation's summer and fall field activities.

#### **3.4 Muskeg Property**

##### ***Property Description***

As at January 31, 2019, 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. 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. Most of the rock units are part of the Anatacau-Pivert Formation included into the Lower Eastmain Group.

##### ***Exploration work on the property***

During Q1-19, the Corporation completed the geological and logistic preparation for the exploration campaign to be conducted on the Muskeg Property 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.

### **3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

Prospecting, geological mapping and rock sampling were done in June 2018 in the eastern portion of the property. A total of 53 grab samples was collected and analyzed for Au-Ag-Cu-Zn-Pb by Laboratoire Expert. Two standards and two blanks were also sent to the laboratory for quality control. None of the samples returned anomalous metal contents. No work was done on the Muskeg Property during Q3-19 and Q4-19.

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.

The next exploration phase could be undertaken during summer 2019. If so, it will cover the western portion of the property where folded iron formations are crosscut by structural lineaments such as faults and shear zones.

#### **3.5 Lake Fagnant Property (joint venture)**

##### ***Property Description***

As at January 31, 2019, the Lake Fagnant Property is an aggregate of 90 mining claims totaling 4,437 ha located in NTS sheets 33N02 and 33N03. These claims were staked by map designation by the Corporation, Kenorland and UrbanGold. 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 on the Lake Fagnant Property. Under this agreement, the number of mining claims included in the Lake Fagnant Property has increased from 85 mining claims (the "Initial Claims") to 90 mining claims covering 4,437 ha. The additional 5 mining claims are subjected to a 1% net smelter return royalty (NSR) shared 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***

During Q1-19, the Corporation and Kenorland produced a geological compilation and planned a three-day field visit which was done in July 2018. Most of the gold showings known on the property were visited and some of them were sampled. 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 and nearby outcrops. Samples were sent to Laboratoire Expert to be analyzed for Au-Ag-Cu-Pb-Zn. Below is a table listing all analytical results.

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**3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

Sample	Outcrop	East-N83	North-N83	Showing	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
E40501	LF18-FG-001	374 877	6 111 354	Esker G2	12.00	18.9	0.04	0.01	0.01
E40502	LF18-FG-002	375 328	6 111 233	Esker B2	0.84	33.0	0.19	12.69	8.56
E40503	LF18-FG-003	375 811	6 110 991	Esker A	4.22	17.9	0.15	0.74	1.71
E40504	LF18-FG-004	375 083	6 111 072	New showing	3.22	1.8	0.04	0.33	0.20
E40505	LF18-FG-005	375 160	6 110 641	Cuesta C4	1.06	0.7	0.04	0.03	0.04
E40506	LF18-FG-005	375 160	6 110 641	Cuesta C4	0.15	1.1	0.01	0.08	0.06
E40451	LF18-FH-001	375 476	6 111 115	Esker B1	33.67	2.8	0.07	0.33	0.07
E40452	LF18-FH-002	375 748	6 110 975	Esker A	0.13	<0.2	0.01	0.02	0.01
E40453	LF18-FH-004	375 274	6 110 481	Cuesta B3	39.09	1.1	0.02	<0.01	<0.01
E40454	LF18-FH-005	375 325	6 110 477	Cuesta B3	0.10	<0.2	<0.01	<0.01	<0.01
E40455	LF18-FH-006	375 325	6 110 477	Cuesta B3	0.14	<0.2	<0.01	<0.01	<0.01
E40456	LF18-FH-007	375 404	6 110 406	Cuesta B3	44.26	1.5	0.02	<0.01	<0.01
E40457	LF18-FH-008	375 573	6 110 384	Cuesta B	0.19	0.2	0.01	<0.01	<0.01
E40458	LF18-FH-009	375 530	6 110 438	Cuesta B	0.78	0.2	0.10	<0.01	<0.01
E40459	LF18-FH-010	375 326	6 111 230	Esker B2	17.86	100.1	0.12	10.02	27.90

These results demonstrate the high-grade gold content of mineralized sites in the Great Whale greenstone belt. Except for one sample (E40504), all others were collected on already known showings.

No work was done on that project during Q3-19 and Q4-19. During Q1-20, a preliminary internal geological report was written by the Corporation for the partners. We are currently evaluating the entire project in order to adequately plan the next exploration phase.

**3.6 Lake Aulneau Property**

***Property Description***

As at January 31, 2019, the Lake Aulneau Property is composed of 134 mining claims totaling 6,297 ha. 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 since the acquisition of the claims. From Q1-19 to Q3-19, the Corporation has initiated a geological compilation to enhance the full potential of the property and generate exploration targets. No specific work was done on the project during Q4-19.

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**3. EXPLORATION AND EVALUATION ACTIVITIES (CONT'D)**

**3.7 Projects Generation**

The Corporation continued its geological compilation program throughout the year for the acquisition of new strategic gold and base metal properties in Québec. New geological targets located outside the Corporation's portfolio of properties was tested by prospecting during Q2-19 and Q3-19.

A total of 396 claims (22 376 ha) were staked by map designation in Temiscamingue and Eeyou Istchee James Bay during Q3-19 and the beginning of Q4-19 outside of our properties. Further compilation work and/or initial prospecting on these claims could convert these acquisitions into new properties. The Corporation plans to be very active on the field during the upcoming year looking for new properties.

**4. SELECTED ANNUAL INFORMATION**

	Fiscal 19	Fiscal 18	Fiscal 17
	\$	\$	\$
<b>Financial Results</b>			
Exploration and evaluation expenditures, net of tax credits	714,224	529,968	91,887
Net loss	1,167,765	1,535,887	260,523
<b>Financial Position</b>			
Cash	2,287,057	2,489,632	863,652
Total assets	3,113,117	3,243,595	1,579,364
Total current liabilities	193,190	161,409	33,201
Shareholders' equity	2,919,927	3,082,186	1,546,163
Working capital	2,174,416	2,400,073	925,366

**5. RESULT OF OPERATIONS**

**5.1 Discussion on Fiscal 19**

The Corporation reported a net loss of \$1,167,765 in Fiscal 19 (\$1,535,887 in Fiscal 18). The main variations are as follow:

- Exploration and evaluation expenditures, net of tax credits \$714,224 (\$529,968 in Fiscal 18) (see section on exploration activities for details of exploration and evaluation expenditures).
- Salaries and benefits for \$155,808 (\$101,632 in Fiscal 18). François Goulet is coordinating management and exploration activities. He is president and CEO of the merged companies since June 22, 2017 and is on the Corporation's payroll from this date.
- Stock-based compensation for \$80,982 (\$123,200 in Fiscal 18). On March 15, 2018 and July 18, 2018, a total of 415,000 stock options (550 000 in Fiscal 18) were granted and their fair value was estimated at \$91,900 (\$123,200 in Fiscal 18). A portion of this fair value (\$49,000) was accounted for according to its vesting period (1/3 on Fiscal 19 and 1/3 per year thereafter).
- Consulting and professional fees for \$327,241, office and administrative for \$48,849, travel, conference and investor relations for \$78,235 and filing fees for \$42,423 (\$236,376 in aggregate in Fiscal 18). The Corporation is a listed company that is actively operating and looking for new acquisition opportunities as opposed to Harfang that was a private company focusing on grass root exploration with limited corporate activities.
- Listing expense for nil (\$811,927 in Fiscal 18). The listing expense from Fiscal 18 was incurred as part of the reverse takeover and related transactions from which the Corporation emerged (see note 6 of the Corporation's Financial Statement for details).
- Gain on disposal of exploration and evaluation assets for nil (\$63,000 in Fiscal 18). In Fiscal 18, the Corporation sold the Vauquelin West Property for a cash consideration of \$66,000.

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**5. RESULT OF OPERATIONS (CONT'D)**

- Deferred income taxes recovery for \$228,226 (\$181,085 in Fiscal 18). This recovery consists mainly in 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 (only June 22, 2017 private placement in Fiscal 18).

**5.2 Discussion on Q4-19**

The Corporation reported a net loss of \$263,009 in Q4-19 (\$128,694 in Q4-18). The main variations are as follow:

- Exploration and evaluation expenditures, net of tax credits \$52,402 (\$48,632 in Q4-18) (see section on exploration activities for details of exploration and evaluation expenditures).
- Consulting and professional fees for \$166,660, office and administrative for \$10,754, travel, conference and investor relations for \$29,585 and filing fees for \$5,311 (\$63,163 in aggregate in Q4-18). The Corporation is a listed company that is actively operating and looking for new acquisition opportunities as opposed to Harfang that was a private company focusing on grass root exploration with limited corporate activities.
- Deferred income taxes recovery for \$31,653 (\$17,246 in Q4-18). This recovery consists mainly in the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the July 12, 2018 private placement (June 22, 2017 private placement in Q4-18).

**6. SELECTED QUATERLY INFORMATION**

The following table presents selected financial information for each of the most recent eight quarters:

	<b>Q4-19</b>	<b>Q3-19</b>	<b>Q2-19</b>	<b>Q1-19</b>
	\$	\$	\$	\$
Exploration and evaluation expenditures, net of tax credits	52,402	246,688	361,385	53,749
Net loss	263,009	276,703	463,066	164,987
Cash	2,287,057	2,453,927	3,066,744	2,342,435
Total assets	3,113,117	3,303,237	3,874,171	3,088,699
Total current liabilities	193,190	126,426	423,411	159,125
Shareholders' equity	2,919,927	3,176,811	3,450,760	2,929,574
Working capital	2,174,416	2,464,607	2,742,138	2,236,272

  

	<b>Q4-18</b>	<b>Q3-18</b>	<b>Q2-18</b>	<b>Q1-18</b>
	\$	\$	\$	\$
Exploration and evaluation expenditures, net of tax credits	48,632	135,111	339,448	6,777
Net loss	128,694	133,532	1,168,738	104,923
Cash	2,489,632	2,491,785	2,876,559	775,536
Total assets	3,243,595	3,398,547	3,734,862	1,490,881
Total current liabilities	161,409	187,667	390,450	49,641
Shareholders' equity	3,082,186	3,210,880	3,344,412	1,441,240
Working capital	2,400,073	2,532,452	2,680,253	818,807

## **6. SELECTED QUATERLY INFORMATION (CONT'D)**

Highlights for each quarter are as follows.

### **6.1 Q4-19**

- The Corporation actively looked and worked on new acquisition opportunities.

### **6.2 Q3-19**

- Exploration and evaluation expenditures were mainly incurred on the Lake Ménarik and Serpent properties for a sum of \$246,688 and are composed primarily of salaries and benefits and geology expenses.

### **6.3 Q2-19**

- On August 5, 2018, the Corporation and Kenorland entered into an amended and restated joint venture agreement with 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 and the initial respective participating interests of the participants are follows: Corporation (40%), Kenorland (40%) and UrbanGold (20%).
- On July 12, 2018, the Corporation completed a non-brokered private placement for aggregate gross proceeds of \$1,123,750, 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.
- Exploration and evaluation expenditures were mainly incurred on the Lake Ménarik, Serpent and Muskeg properties for a sum of \$361,385 and are composed primarily of salaries and benefits and geology expenses.
- The Corporation granted to its directors, officers, employees and consultants 295,000 options exercisable at an exercise price of \$0.25 and valid for 10 years.

### **6.4 Q1-19**

- The Corporation staked by map designation mining claims (100% owned by the Corporation) and comprising the Lake Aulneau property.
- The Corporation granted to an employee 120,000 options exercisable at \$0.25 and valid for 10 years.

### **6.5 Q4-18**

- An aggregate of 74 mining claims were staked by map designation by the Corporation and Kenorland for Lac Fagnant Property. On January 16, 2018, a joint venture agreement was executed by the Corporation and Kenorland regarding the Lake Fagnant Property, with the initial participating interests set forth as follows: Corporation (50%) and Kenorland (50%).

## **6. SELECTED QUARTERLY INFORMATION (CONT'D)**

### **6.6 Q3-18**

- On September 29, 2017, the Corporation sold a 100% interest in the Vauquelin West property to Chalice Gold for a cash consideration of \$66,000.
- Exploration and evaluation expenditures were incurred for a sum of \$135,111 and are composed primarily of geology and geophysics expenses.

### **6.7 Q2-18**

- On June 22, 2017, the reverse takeover related transaction was completed and a listing expense was recorded for \$740,861. Harfang completed a private placement for aggregate gross proceeds of \$2,677,000, issued 7,642,000 units at a price of \$0.25 per unit and 1,916,250 flow-through common shares at a price of \$0.40 per flow-through common share.
- Exploration and evaluation expenditures were mainly incurred on the Lake Ménarik and Ménarik East properties for a sum of \$374,620 and are composed primarily of geology and geophysics expenses.

### **6.8 Q1-18**

- Harfang worked on the reverse takeover related transactions and spent \$71,066 on listing fees.

## **7. LIQUIDITY AND CAPITAL RESOURCES**

The Corporation has working capital of \$2,174,416 as at January 31, 2019, (\$2,400,073 as at January 31, 2018). From this working capital, the Corporation has to dedicate \$112,643 to Canadian mining properties exploration, pursuant to the terms of the July 12, 2018 flow-through financings. The working capital position was favorably improved on July 12, 2018 when the Corporation completed its private placement for aggregate gross proceeds of \$1,123,750.

See Section 2.3 for the use of funds following the qualifying transaction.

Management is of the opinion that it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing. Advanced exploration of some of the mineral properties would require substantially more financial resources. In the past, the Corporation has been able to rely on its ability to raise financing in privately negotiated equity offerings. There is no assurance that such financing will be available when required, or under terms that are favourable to the Corporation. The Corporation may also elect to advance the exploration and development of mineral properties through joint-venture participation.

## **8. OFF BALANCE SHEET ARRANGEMENTS**

At the date of this MD&A, the Corporation had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

## **9. SUBSEQUENT EVENTS**

See section 2.1 for details on subsequent events.



## **10. RELATED PARTY TRANSACTIONS**

Related party transactions are described in note 17 of the Fiscal 19 Financial Statements. Nevertheless, following are further details on related party transactions:

*In the normal course of operations:*

- A company controlled by François Goulet (director and CEO) charged exploration and evaluation expenditures of nil (\$10,000 in Fiscal 18) which relate to his staff and charged consultant fees of nil (\$29,583 in Fiscal 18 prior to June 22, 2017);
- A company controlled by Marc Pothier (corporate secretary, appointed June 22, 2017) charged an amount of \$106,165 (\$46,283 in Fiscal 18) of which \$92,095 (\$11,452 in Fiscal 18) was recorded as of professional fees, \$14,070 (nil in Fiscal 18) as share issuance costs and nil (\$34,831 in Fiscal 18) as listing expense;
- Osisko, a shareholder with significant influence over the Corporation charged, for the Fiscal 19, an amount of \$30,783 (\$22,153 in Fiscal 18) of which \$12,000 (\$12,000 in Fiscal 18) was recorded for renting of office space, nil (\$376 in Fiscal 18) as office and administrative expenses, \$1,573 (\$6,032 in Fiscal 18) as travel, conference and investor relations \$7,327 (\$3,745 in Fiscal 18) as professional fees, \$2,683 (nil in Fiscal 18) as filing fees and \$7,200 (nil in Fiscal 2018) as charged for exploration and evaluation expenditures;
- As at January 31, 2019, the balance due to those related parties amounted to \$45,884 (\$14,573 as at January 31, 2018).

*Out of the normal course of operations:*

- Directors and officers of the Corporation participated in the July 12, 2018 flow-through private placement for \$109,000 (\$91,500 in the June 22, 2017 flow-through private placement) and in the July 12, 2018 unit private placement for \$10,000 (\$95,000 in the June 22, 2017 unit private placement). The directors and officers subscribed to the unit private placement and the flow-through private placement under the same terms and conditions set forth all subscribers;
- In addition, the President of the Corporation's employment agreement, which came into force on June 22, 2017, provides for payments, on termination of employment without cause or following a change of control, of \$140,000 to \$210,000 representing 12 to 18 months of base salary, depending on circumstances.

## **11. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions. Critical estimates, judgments, and assumptions exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described at note 5 of the 2019 Financial Statements. The critical accounting policies are described at note 3 of the 2019 Financial Statements.

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**12. FINANCIAL INSTRUMENTS**

Financial instruments are described in notes 3.4, 18 and 19 to the 2019 Financial Statements.

**13. CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The Corporation is committed to minimum amounts under a lease agreement with Osisko for office space which expires at the latest in June 2019. As at January 31, 2019, minimum commitments remaining under the lease were approximately \$4,000 over the following years:

	<b>Fiscal year ending</b>
	\$
2020	4,000
	<b>4,000</b>

**14. OUTSTANDING SHARES DATA**

	<b>May 21, 2019</b>	<b>January 31, 2019</b>
	<b>Number</b>	<b>Number</b>
Capital stock	37,065,181	31,819,385
Warrants	5,103,500	5,103,500
Stocks options	950,000	950,000
<b>Fully diluted</b>	<b>43,118,681</b>	<b>37,872,885</b>

**Escrow Shares**

As of January 31, 2019, there were 3,455,375 shares held in escrow. Under the escrow agreement, 10% of the escrow common shares were released from escrow on the completion of the Corporation's QT (done on June 29, 2017, date of the Exchange Bulletin) and additional 15% tranches will be released every six months thereafter.

**15. STOCK OPTION PLAN**

The purpose of the Option Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, senior officers, employees and consultants of the Corporation, to reward such of these participants from time to time for their contributions toward the long-term goals of the Corporation and to enable and encourage such participants to acquire shares as long-term investments. There is no performance indicator relating to profitability or risk attached to the plan. The maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding.

**16. RISK FACTORS**

The following discussions review a number of important risks which Management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future exist in the Corporation's operating environment.

## **16. RISK FACTORS (CONT'D)**

### **16.1 Exploration and Mining Risks**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Currently, there are no known bodies of commercial ore on the mineral properties of which the Corporation intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in the conduct of exploration programs. The Corporation, from time to time, increases its internal exploration and operating expertise with due advice from consultants and others as required.

The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Corporation's mineral properties.

### **16.2 Titles to Property**

While the Corporation has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

### **16.3 Permits and Licenses**

The Corporation's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

### **16.4 Metal Prices**

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

### **16.5 Competition**

The mining industry is intensely competitive in all its phases. The Corporation competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

### **16.6 Environmental Regulations**

The Corporation's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution.

## **16. RISK FACTORS (CONT'D)**

A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to fully comply with all environmental regulations.

### **16.7 Conflicts of Interest**

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors or officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

### **16.8 Stage of Exploration**

The Corporation's properties are in the exploration stage and to date none of them have a proven ore body. The Corporation does not have a history of earnings or return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

### **16.9 Industry Conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax and mining duty increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Corporation, such as government regulations. The Corporation undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

### **16.10 Uninsured Hazard**

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Corporation may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Corporation may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Corporation assets or the insolvency of the Corporation.

### **16.11 Capital Needs**

The exploration, development, mining and processing of the Corporation's properties will require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favourable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest.

**16. RISK FACTORS (CONT'D)**

**16.12 Key Employees**

Management of the Corporation rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

**16.13 Canada Revenue Agency and provincial agencies**

No assurance can be made that Canada Revenue Agency and provincial agencies will agree with the Corporation's characterization of expenditures as Canadian exploration expenses or Canadian development expense or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada) or any provincial equivalent.

**17. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Corporation's Financial Statements are the responsibility of the Corporation's management. The Financial Statements were prepared by the Corporation's management in accordance with IFRS. The Financial Statements include certain amounts based on the use of estimates, judgements and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the Financial Statements are presented fairly in all material respects.

The Financial Statements have been approved by the board of directors based on the estimates, judgements and assumptions as presented by management.

**18. FORWARD LOOKING INFORMATION**

This MD&A contains forward-looking information within the meaning of applicable securities legislation, which reflects the Corporation's current expectations regarding future events, including expectations regarding the completion of the Offering, the receipt of necessary authorizations from securities regulatory authorities and the use of the net proceeds from the Offering. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. In this MD&A there is forward-looking information based on a number of assumptions and subject to a number of risks and uncertainties, many of which are beyond the Corporation's control that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, failure to complete the Offering and the factors discussed under "Risk Factors" in Section 16. Any forward-looking information included in this MD&A is based only on information currently available to the Corporation and speaks only as of the date on which it is made. Except as required by applicable securities laws, the Corporation assumes no obligation to update or revise any forward-looking information to reflect new circumstances or events.

May 21, 2019

(s) François Goulet  
François Goulet  
President and CEO

(s) Yvon Robert  
Yvon Robert  
CFO