



**FORM 51-102F1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR  
FREEGOLD VENTURES LIMITED**

**DATED: NOVEMBER 13<sup>TH</sup>, 2018**

This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this Management's Discussion and Analysis ("MD&A").

**INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The 2018 and 2017 information set forth in this document should be read in conjunction with the condensed consolidated financial statements and related notes, prepared in accordance with IFRS, for the nine month periods ended September 30<sup>th</sup> 2018 and 2017.

**PRESENTATION CURRENCY**

**These condensed consolidated financial statements are presented in United States Dollars ("U.S. Dollars"), unless otherwise specified.** The functional currency of Freegold Ventures Limited is Canadian Dollars. The functional currency of the Company's foreign subsidiaries is the U.S. Dollar. In 2016, the Company changed its presentation currency from Canadian Dollars to U.S. Dollars. Accordingly, these condensed consolidated financial statements are presented in U.S. Dollars. The change in presentation currency is to better reflect the Company's business activities and to improve investor's ability to compare the Company's financial results with other publicly traded businesses in the mineral exploration industry. Unless otherwise noted, all currency amounts presented in this MD&A are stated in U.S. Dollars.

**BUSINESS OF FREEGOLD**

Freegold is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties of merit with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company was incorporated in 1985 and is listed on the Toronto Stock Exchange under the symbol "FVL". As of November 13<sup>th</sup>, 2018, the Company had 188,953,906 shares outstanding. The Company has its registered corporate office in Vancouver, Canada.

**REVIEW OF EXPLORATION PROJECTS**

The Company continues to focus its exploration activities in Alaska on its Shorty Creek and Golden Summit Projects. During the year ended December 31<sup>st</sup>, 2017, six diamond drill holes were completed at Shorty Creek while an oxide expansion drill program was completed at Golden Summit to determine if the current oxide resource could be expanded to the north.

During the period ended September 30, 2018, the Company undertook a small drill program, aimed at both expanding and delineating the copper mineralization discovered at Hill 1835 at Shorty Creek. A total of 1,148 metres were drilled in two holes during the 2018 fall program. Assays are still pending.

Metallurgical work has been underway for the past several months aimed at both determining copper, silver and gold recoveries through locked cycle testing as well as evaluating the potential for a gravity circuit to recover the tungsten. The tungsten present at Shorty Creek occurs as wolframite and hence is likely amenable to gravity recovery. Results will be reported when available. The metallurgical program is being conducted by Base Metallurgical Laboratories Ltd. of Kamloops, B.C.

## **SHORTY CREEK**

The Company entered into a renewable ten-year lease agreement to acquire certain mineral claims comprising the Shorty Creek Project in July 2014. The Project is located 120 kilometres northwest of Fairbanks, Alaska and 4 kilometres to the south of the all-weather paved Elliott Highway within the Livengood-Tolovana Mining District. The Company issued 750,000 common shares as consideration. The vendor will retain a 2% net smelter returns royalty (“NSR”) and be responsible for the annual State of Alaska rents for the first five years after which the Company will be responsible. In 2014, additional claims were staked in the area of interest and the Company will be responsible for these annual State of Alaska rents. Additional claims were also staked during the 2016 exploration program.

Shorty Creek is a copper – gold porphyry target on which Freegold intersected 91.4 metres grading 0.55% copper during its initial drill campaign in 2015. Subsequent drilling in 2016 and 2017 intersected broad zones of copper mineralization. Highlights include 434.5 metres grading 0.36% copper, 0.12 g/t gold, 7.46 g/t silver in hole 16-01, and 409.6 metres grading 0.29% copper, 0.06 g/t Au, and 5.66 g/t silver in Hole 16-02. A follow-up program in 2017 continued to expand upon these broad zones of copper mineralization. Highlights from 2017 include 360 metres grading 0.24% copper, 0.07 g/t gold, and 4.04 g/t silver, in hole 17-01, and 408 metres grading 0.27% copper, and 0.05 g/t gold and 4.97 g/t silver in hole 17-02. In addition to the copper mineralization at Hill 1835 significant tungsten mineralization has also been intersected, significant intercepts include 207 metres grading 0.045% W03 in hole 16-01, 0.03% W03 over 409.6 metres in hole 16-02, and 0.06% W03 over 87 metres in hole 17-01, and 0.06% W03 over 339 metres in hole 17-02.

The Shorty Creek project area hosts a cluster of magnetic anomalies commonly seen in porphyry districts. Hill 1835 is only one of the potentially significant areas identified to date. The mineralized area at Hill 1835 extends over a 600 metre x 300 metre area and remains open. The 2016 program also tested a broad magnetic anomaly with coincident geochemistry at Hill 1710, an area located 2.0 km north of Hill 1835, with 4 holes spaced on average 400 metres apart. The holes intersected copper mineralization with the copper grades increasing as drilling moved to the northeast. Only 1.6 km of the 6.0 km long magnetic feature has been drilled tested.

Other exploration targets within the 100 square kilometre property include the Quarry target, where oxidized porphyritic rock with stockwork veining returned values of 500 ppm copper in rock samples. Steel Creek, which was initially tested with one hole in 2017, lies two km northeast of Hill 1835 and drilling intersected anomalous copper and a mineral suite similar to that seen at Hill 1835.

Drill cores have been cut in half using a core saw. In all cases one-half of the core was placed in sealed bags for geochemical analysis and the other half stored on site. Core samples were either delivered to ALS Chemex at its facility in Fairbanks, Alaska or picked up by ALS Chemex at the camp facility. A quality control assurance program was part of the sampling program to ensure the quality of the assay results.

For results of the 2015 - 2017 drill programs, reference should be made to the full news releases contained on the Company’s website at [www.freegoldventures.com](http://www.freegoldventures.com), as well as a technical report with respect to the Shorty Creek Project entitled, “An Updated *Technical Report for the Shorty Creek Project, Livengood – Tolovana Mining District, Alaska*” by John R. Woodman, B.Sc., P. Geo., dated April 2<sup>nd</sup>, 2018 which was filed on SEDAR.

## **GOLDEN SUMMIT**

The Golden Summit Project is a road accessible gold exploration project near Fairbanks, Alaska. The project consists of a several long-term leases (“Keystone Claims”, “Tolovana Claims”, “Newsboy Claims”, “Green Claims”, “Chatham Claims” and “Alaska Mental Health Trust Property”) and claims and lands owned by Freegold. The project is subject to various fixed and sliding net smelter return royalties (“NSR’s”) ranging from 1 to 5% dependent on the price of gold. The Project is also subject to various payments and work commitments on an annual basis. In a deed conveying its remaining interest, Fairbanks Exploration Inc. (“FEI”) reserved a 7% working interest which is held in trust for FEI by the Company on certain mineral claims. The Company will fund 100% of the costs until commercial production is achieved at which point FEI is required to contribute 7% of any approved budget. These claims are subject to a 2% NSR to FEI unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

Freegold has been exploring the Golden Summit Project since 1992. Exploration activities have included ground and airborne geophysics, rock, soil and trench sampling and drilling (reverse circulation, rotary air blast and core). In addition, detailed geochemical and geophysical programs have been undertaken over the entire Project. The Project is host to several high grade historical gold mines as well as significant historical placer gold production. It is estimated that some 6.75 million ounces of placer gold have been recovered from the streams that drain the Golden Summit Project area.

Since 2011, four resource updates have been completed on the Project. The most recent technical report on the Golden Summit Project, entitled “*Technical Report, Golden Summit Project, Preliminary Economic Assessment, Fairbanks North Star Borough, Alaska, USA*” dated January 20<sup>th</sup>, 2016 and Amended and Restated as of May 11<sup>th</sup>, 2016 prepared by Tetra Tech, Inc. and Mark J. Abrams, C.P.G. and Gary Giroux, P. Eng., M.A. Sc. of Giroux Consultants Ltd. (the “Golden Summit Technical Report”) has also been filed on SEDAR.

**The preliminary economic assessment (“PEA”) reflected in the Golden Summit Technical Report is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.**

The PEA evaluates a two-phase, 24-year life of mine open pit mine generating two gold streams, each operating at 10,000 tonnes per day (tpd). Processing operations for the oxide and sulfide mineralized materials are heap leach and bio-oxidation, respectively. All values are presented in US\$.

Based on a gold price of \$1,300/oz, highlights of the PEA include:

- A post-tax net present value using a 5% discount rate and an internal rate of return of \$188 million and 19.6%, respectively;
- A mine life of 24 years with peak annual gold production of 158 thousand ounces (koz) and average annual gold production of 96 koz;
- 2,358 koz of doré produced over the life of mine;
- Total cash cost estimated at \$842/oz Au (including royalties, refining and transport);

- Ability to execute Phase 1 with low initial capital; initial and sustaining capital costs, including contingency, estimated at \$88 million and \$348 million respectively;
- A payback of 3.3 years post-tax; and
- Favourable geopolitical climate; completion risk is offset through strong legislative and financial support at state and federal levels.

Potential optimization of the project includes the additional expansion of the current oxide material, which may have the potential to increase the project's overall IRR and NPV by increasing the throughput during the oxide phase. During the 2017 season a total of 27 holes were drilled in an area to the north of the current resource area. Using results of the previously completed RAB (Rotary Air Blast) drilling, ground resistivity and soil geochemistry, a series of vertical holes, spaced roughly 50 metres apart were drilled. The hole pattern was designed to determine if the current oxide resource could be expanded to the north as well as to establish boundaries to the current oxide resource. The results of the 2017 program demonstrated the potential for expansion of the current oxide resource at Golden Summit to the north with the majority of the holes returning average grades above the internal cut-off used in the PEA . The oxide cap is contained largely within the upper 200 feet (60 metres) of the resource. To date resource drilling has been confined to a 300 metre by 1.5 km area (approx. 110 acres) however the entire Golden Summit project area covers 13,000 acres and hosts numerous other significant exploration targets with potential to host additional resources, all of which have an oxide cap in the upper 200 feet (60 metres).

The technical disclosure contained in the MD&A has been reviewed and approved by Alvin Jackson, P. Geo., Vice President Exploration and Development for the Company, who is a "Qualified Person" under National Instrument 43-101.

## RESULTS OF OPERATIONS

### *Nine month period ended September 30<sup>th</sup>, 2018*

General and administrative expenses for the nine month period ended September 30<sup>th</sup>, 2018 were \$739,746, an increase of \$113,128 compared to \$626,618 for the nine month period ended September 30<sup>th</sup>, 2017. The majority of this increase was related to \$133,615 in share-based payments that were recognized upon the granting of non-cash stock options during the current period. The other changes in comprehensive loss were mainly attributable to:

- a decrease of \$10,405 in consulting fees, from \$20,805 in 2017 to \$10,400 due to a reduction in the use of consultants;
- an increase of \$6,236 in professional fees, from \$61,363 in 2017 to \$67,599 due to increased legal costs;
- a decrease of \$11,331 in promotion and shareholder relations, from \$68,009 in 2017 to \$56,678;
- a decrease of \$8,410 in travel expenses, from \$70,553 in 2017 to \$62,143. The decrease was mainly attributable to a reduction in travel compared to the previous year where there were significant costs incurred to facilitate the previous year's financings;
- a decrease of \$3,238 in interest income from \$4,976 in 2017 to \$1,738, due to a decrease in cash on hand;

All other general and administrative costs were relatively similar to those incurred in the previous year.

During the nine month period ended September 30<sup>th</sup>, 2018, the Company incurred the below acquisition and exploration and evaluation property expenditures:

	Golden Summit Property	Shorty Creek Property	Total
<b>Acquisition costs</b>			
Balance, December 31 <sup>st</sup> , 2017	\$ 3,081,164	\$ 198,546	\$ 3,279,710
Additions	69,155	-	69,155
Balance, September 30 <sup>th</sup> , 2018	\$ 3,150,319	\$ 198,546	\$ 3,348,865
<b>Exploration and evaluation costs</b>			
Balance, December 31 <sup>st</sup> , 2017	\$ 28,654,287	\$ 4,461,653	\$ 33,115,940
Assaying	-	15,065	15,065
Camp costs	-	70,900	70,900
Drilling	-	275,847	275,847
Engineering and consulting	-	27,623	27,623
Geological and field expenses	10,006	79,640	89,646
Helicopter support	-	172,493	172,493
Land maintenance and tenure	22,302	5,810	28,112
Legal	4,362	-	4,362
Metallurgical studies	-	18,165	18,165
Personnel	1,059	22,052	23,111
Travel	-	35,606	35,606
Total incurred for the nine months ended September 30 <sup>th</sup> , 2018	\$ 37,729	\$ 723,201	\$ 760,930
Balance, September 30 <sup>th</sup> , 2018	\$ 28,692,016	\$ 5,184,854	\$ 33,876,870
<b>Total</b>	<b>\$ 31,842,335</b>	<b>\$ 5,383,400</b>	<b>\$ 37,225,735</b>

The decrease in cash of \$529,040 for the nine month period ended September 30<sup>th</sup>, 2018 was mainly attributable to the loss of \$741,709 and \$312,191 incurred on mineral exploration and acquisition costs which included required mineral lease payments of \$69,155 and \$243,036 for exploration costs. These costs were offset by the receipt of US\$386,672 (Cdn\$504,800) for shares issued after the end of the period. This compares to a decrease in cash for the nine month period ended September 30<sup>th</sup>, 2017 of \$466,565 that was mainly attributable to the loss of \$653,051 and \$1,825,269 incurred on exploration costs offset by \$1,886,314 net proceeds of a financing.

***Three month period ended September 30<sup>th</sup>, 2018***

General and administrative expenses for the three month period ended September 30<sup>th</sup>, 2018 were \$317,079, an increase of \$141,139 compared to \$175,940 for the three month period ended September 30<sup>th</sup>, 2017. The majority of this increase was related to \$133,615 in share-based payments that were recognized upon the granting of non-cash stock options during the current period. The other changes in comprehensive loss were mainly attributable to:

- a decrease of \$4,044 in consulting fees, from \$6,959 in 2017 to \$2,915 due to a reduction in the use of consultants;
- a decrease of \$3,584 in professional fees, from \$20,413 in 2017 to \$16,829 due to decreased legal costs;
- an increase of \$12,115 in promotion and shareholder relations, from \$6,490 in 2017 to \$18,605 as the Company increased its investor awareness programs;
- an increase of \$11,985 in travel expenses, from \$9,847 in 2017 to \$21,832. The increase was mainly attributable for travel to increase investor awareness and to pursue additional financing opportunities;

All other general and administrative costs were relatively similar to those incurred in the previous year.

During the three month period ended September 30<sup>th</sup>, 2018, the Company incurred the below acquisition and exploration and evaluation property expenditures:

	Golden Summit Property		Shorty Creek Property		Total
<b>Acquisition costs</b>					
Balance, June 30 <sup>th</sup> , 2018	\$	3,130,819	\$	198,546	\$ 3,329,365
Additions		19,500		-	19,500
Balance, September 30 <sup>th</sup> , 2018	\$	3,150,319	\$	198,546	\$ 3,348,865
<b>Exploration and evaluation costs</b>					
Balance, June 30 <sup>th</sup> , 2018	\$	28,666,566	\$	4,520,497	\$ 33,187,063
Assaying		-		4,858	4,858
Camp costs		-		70,900	70,900
Drilling		-		275,847	275,847
Engineering and consulting		-		25,223	25,223
Geological and field expenses		3,148		61,622	64,770
Helicopter support		-		172,493	172,493
Land maintenance and tenure		22,302		-	22,302
Metallurgical studies		-		5,666	5,666
Personnel		-		21,900	21,900
Travel		-		25,848	25,848
Total incurred for the three months ended September 30 <sup>th</sup> , 2018	\$	25,450	\$	664,357	\$ 689,807
Balance, September 30 <sup>th</sup> , 2018	\$	28,692,016	\$	5,184,854	\$ 33,876,870
<b>Total</b>	<b>\$</b>	<b>31,842,335</b>	<b>\$</b>	<b>5,383,400</b>	<b>\$ 37,225,735</b>

## SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS:

### Quarters Ended (unaudited)

	Sept. 30 <sup>th</sup> 2018	June 30 <sup>th</sup> 2018	Mar. 31 <sup>st</sup> 2018	Dec. 31 <sup>st</sup> 2017	Sept. 30 <sup>th</sup> 2017	June 30 <sup>th</sup> 2017	Mar. 31 <sup>st</sup> 2017	Dec. 31 <sup>st</sup> 2016
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net comprehensive (loss) income – before tax	(318,110)	(227,636)	(195,963)	384,269	(205,347)	(205,856)	(241,848)	48,498
Net comprehensive (loss) income per share	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	0.00
Total assets	37,884,114	37,149,516	37,426,486	37,662,905	38,038,616	36,206,296	36,098,863	36,407,348

The Company's exploration expenses generally tend to be lower during winter months as much of the field exploration is carried out during the summer season. In particular, the Shorty Creek drill season is limited largely from May to September, although drilling is possible year-round at Golden Summit.

## **Liquidity and capital resources**

At September 30<sup>th</sup>, 2018, the Company's working capital, defined as current assets less current liabilities, was a deficit of \$805,056 compared to positive working capital of \$233,627 at December 31<sup>st</sup>, 2017. The Company has current liabilities of \$1,100,412 of which \$625,538 relates to trade payables and \$474,874 is owed to related parties. As at September 30<sup>th</sup>, 2018, the Company had cash and cash equivalents of \$251,315. Subsequent to the period ended September 30, 2018, the Company received US\$528,533 (Cdn\$690,000) pursuant to the closing of a non-brokered private placement of 14,935,000 units at Cdn\$0.08 per unit. The Company had already received US\$386,672 (Cdn\$504,800) during the period ended September 30<sup>th</sup>, 2018. The Company does not have the required funds to meet all of its contractual and statutory property payments and exploration commitments and planned activities for the next year, and will be required to seek additional financing to further develop its mineral properties.

## **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental obligations, the recoverability and measurement of deferred tax assets and liabilities, determination of functional currencies and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the consolidated financial statements for the year ended December 31<sup>st</sup> 2017.

## **Going Concern Assumption**

The recoverability of amounts shown for exploration and evaluation properties and related exploration and development expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary permits and financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company does not have a source of revenue and is dependent on equity financings to fund its activities. The Company had negative working capital at September 30<sup>th</sup>, 2018 and the Company endeavors to manage the cash position prudently through ongoing monitoring of current and future cash and working capital balances relative to planned activities. The available capital may not be sufficient to fund the Company's planned activities through 2018.

## **Interests in Mining Properties and Exploration and Development Expenditures**

In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to exploration and evaluation properties are capitalized until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

- mineralization could be different from those predicted by drilling, sampling and similar tests;
- the grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and
- declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or exploration and development expenditures.

### **Share Based Payments, Warrants and Compensation Options**

Directors, officers, employees and contractors are granted options to purchase common shares under the Company's Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9d to the condensed consolidated financial statements for the period ended September 30<sup>th</sup>, 2018.

The Company recognizes an expense for option awards using the fair value method of accounting. The Company also records the fair value of warrants granted through private offerings or in lieu of fees and compensation options granted using a fair-value estimate. Management estimates the fair value of stock options, warrants granted through private offerings or in lieu of fees, and compensation options using the Black-Scholes Option Pricing Model. The Black-Scholes Option Pricing Model, used by the Company to calculate fair values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options and warrants, which may significantly differ from the Company's stock option awards or warrant grants. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards. The valuation models are used to provide a reasonable estimate of fair value given the variables used.

### **Restoration and Environmental Obligations**

Legal or constructive obligations associated with site restoration on the retirement of assets are recognized when they are incurred and when a reasonable estimate of the value of the obligation can be made. While, the Company has not commenced operations on its mining properties and the principal projects are in the exploration stage, certain exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the site for the Golden Summit Project. As such, the Company has recognized an environmental rehabilitation provision for the project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's projects, management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

### **Contractual Commitments**

The following table discloses, as of September 30<sup>th</sup>, 2018, the Company's contractual obligations, including anticipated mineral property payments and work commitments. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as

summarized in the table below in order to maintain and preserve the Company's interest in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any lease purchase or royalty buyout options:

The Company is committed under exploration and evaluation property option agreements to pay cash and incur exploration expenditures as outlined in the table below but has the ability to reduce or terminate the option agreements upon appropriate notice.

	2018	2019	2020	2021	2022	* 2023 and beyond	Total
Golden Summit payments	\$ 256,500	335,000	435,000	435,000	435,000	435,000	\$ 2,331,500
Golden Summit exploration	\$ 336,330	95,000	95,000	95,000	95,000	95,000	\$ 811,330
Shorty Creek payments	\$ 78,000	8,000	68,000	68,000	68,000	68,000	\$ 288,000
Total	\$ 600,830	438,000	598,000	598,000	598,000	598,000	\$ 3,430,830

\*Annual amounts

For more detailed information on the Company's statutory property payments and exploration commitments, see the Company's Annual Information Form for the year ended December 31<sup>st</sup>, 2017 and note 4 to the Company's condensed consolidated financial statements for the nine month period ended September 30<sup>th</sup>, 2018.

The Company has future commitments related to payments required under an office lease and a photocopier lease agreements (amounts in Canadian dollars).

	< 1 year (Cdn\$)	2-5 years (Cdn\$)	Total (Cdn\$)
Office lease - Vancouver	67,488	139,194	206,682
Photocopier lease payments	4,006	6,009	10,015
Total	71,494	145,203	216,697

See Note 10 of the Company's condensed consolidated financial statements for the nine month period ended September 30<sup>th</sup>, 2018.

#### Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

#### Financial Instruments

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses

recognized in other comprehensive income (loss). These amounts will be reclassified from shareholders' equity to profit or loss when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and comprehensive loss.

The Company has designated its cash and cash equivalents as FVTPL, which is measured at fair value. Interest receivable is classified as loans and receivables and measured at amortized cost. Trade payables, accrued liabilities and amounts due to related parties are classified as other financial liabilities which are measured at amortized cost.

### **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at September 30<sup>th</sup>, 2018, amounts receivable of \$3,869 (December 31<sup>st</sup>, 2017 - \$66,318) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of \$3,157 (December 31<sup>st</sup>, 2017 - \$7,020), interest receivable of \$85 (December 31<sup>st</sup>, 2017 - \$140) and other receivables of \$627 (December 31<sup>st</sup>, 2017 - \$59,158). As a result, credit risk is considered insignificant.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at September 30<sup>th</sup>, 2018, the Company had cash of \$251,315 to settle current liabilities of \$1,100,412 which have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Currency Risk**

Foreign currency exchange risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and condensed consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the periods ended September 30<sup>th</sup>, 2018 and December 31<sup>st</sup>, 2017:

	September 30 <sup>th</sup> 2018 (Cdn\$)	December 31 <sup>st</sup> , 2017 (Cdn\$)
Cash and cash equivalents	70,565	850,972
Trade payables and accruals	158,375	92,435
Due to related parties	614,724	651,905

A 1% change in Canadian/US foreign exchange rate at period end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately \$5,269 for the nine month period ended September 30<sup>th</sup>, 2018 compared to \$1,066 for the year ended December 31<sup>st</sup>, 2017.

The Company has not, to the date of these condensed consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

#### **Interest Rate Risk**

The Company is not subject to interest rate risk.

#### **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

#### **SUBSEQUENT EVENTS**

On October 26<sup>th</sup>, 2018, the Company closed a non-brokered private placement of 14,935,000 ("Units"), priced at Cdn\$0.08 per Unit for total proceeds of Cdn\$1,194,800 (US\$386,672 was received prior to September 30<sup>th</sup>, 2018 and US\$528,533 was received subsequent to September 30<sup>th</sup>, 2018). Each Unit will consist of one common share (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to acquire an additional Share at a price of Cdn\$0.12 per Share for a period of 36 months from the date of closing. Each Warrant is subject to accelerated expiry provisions such that if at any time after the expiry of any resale restriction governing the subscribed Shares, the Corporation's common shares trade on the TSX at or above a volume weighted average trading price of Cdn\$0.20 per common share for 10 consecutive trading days, the Company may give notice to the holders that each Warrant will expire 30 days from the date of providing such notice. All securities issued bear a legend restricting resale until February 27<sup>th</sup>, 2019.

## OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at November 13<sup>th</sup>, 2018, there were 188,953,906 outstanding common shares compared to 174,018,906 outstanding shares at December 31<sup>st</sup>, 2017. The increase is due to the October 26, 2018 non-brokered private placement of 14,935,000 shares.

As at November 13<sup>th</sup>, 2018 there were 51,771,637 warrants outstanding.

Number Outstanding on November 13 <sup>th</sup> , 2018	Exercise Price per Share Cdn\$	Expiry Date
20,230,883	\$0.25	May 20 <sup>th</sup> , 2019
2,832,324	\$0.18	May 20 <sup>th</sup> , 2019
12,521,300	\$0.18	September 19 <sup>th</sup> , 2019
1,252,130	\$0.12	September 19 <sup>th</sup> , 2019
14,935,000	\$0.12	October 26 <sup>th</sup> , 2021
<b>Total</b>		<b>51,771,637</b>

Directors, officers, employees and contractors are granted options to purchase common shares under the Company's Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9d to the condensed consolidated financial statements for the period ended September 30<sup>th</sup>, 2018.

As at November 13<sup>th</sup>, 2018 there were 8,420,000 stock options outstanding as disclosed in the below table:

Number Outstanding November 13 <sup>th</sup> , 2018	Number Exercisable November 13 <sup>th</sup> , 2018	Exercise Price per Share Cdn\$	Expiry Date
700,000	700,000	\$ 0.25	January 1 <sup>st</sup> , 2019
150,000	150,000	\$ 0.20	July 23 <sup>rd</sup> , 2019
150,000	150,000	\$ 0.12	July 28 <sup>th</sup> , 2020
4,220,000	4,220,000	\$ 0.21	July 8 <sup>th</sup> , 2021
50,000	50,000	\$ 0.155	April 6 <sup>th</sup> , 2022
3,150,000	3,150,000	\$ 0.10	July 23 <sup>rd</sup> , 2023
<b>Total</b>	<b>8,420,000</b>		

## RELATED PARTY TRANSACTIONS

The Company considers the President and Chief Executive Officer, Chief Financial Officer, Vice-President of Exploration and Development, Corporate Secretary, directors and any companies controlled by these parties to be key management personnel.

A summary of compensation paid/accrued to key management personnel is as follows: Management salaries have not been paid but are being accrued since August 2018 pending receipt of additional financing.

	Three months ended September 30 <sup>th</sup> , 2018	Three months ended September 30 <sup>th</sup> , 2017	Nine months ended September 30 <sup>th</sup> , 2018	Nine months ended September 30 <sup>th</sup> , 2017
Kristina Walcott – President	\$ 37,481	38,906	113,504	112,275
Alvin Jackson – Vice President	37,481	38,906	113,504	112,275
Gord Steblin – Chief Financial Officer	15,379	16,182	46,178	45,831
Taryn Downing – Corporate Secretary	2,307	5,531	6,985	17,120
Total	\$ 92,648	99,525	280,171	287,501

During the nine month period ended September 30<sup>th</sup>, 2018, the Company granted 3,050,000 options exercisable at \$0.10 per share until July 23, 2023 to directors and officers of the Company with a vested estimated fair value of \$133,615.

A summary of amounts due to related parties is as follows:

	September 30 <sup>th</sup> , 2018	December 31 <sup>st</sup> , 2017
Kristina Walcott – President and CEO	\$ 205,517	\$ 186,163
Alvin Jackson - VP Exploration and Development	199,884	180,351
Gordon Steblin - CFO	51,385	42,100
Taryn Downing - Corporate Secretary	18,088	18,012
Total	\$ 474,874	\$ 426,626

Key management personnel include individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand unless otherwise noted.

## DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), together with other members of management, evaluated the design and operating effectiveness of the Company’s disclosure controls and procedures as at the period ended September 30<sup>th</sup>, 2018. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these disclosure

controls and procedures were effective as at September 30<sup>th</sup>, 2018 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities and that information required to be disclosed by the Company in its annual and interim filings and other reports submitted under securities legislation was recorded, processed, summarized and reported within the periods specified in securities legislation.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The CEO and CFO, together with other members of management, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting as at the financial period ended September 30<sup>th</sup>, 2018. Based on that evaluation, the CEO and CFO concluded that the design and operation of internal controls over financial reporting were effective as at September 30<sup>th</sup>, 2018 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed consolidated financial statements for external purposes in accordance with IFRS. In designing and implementing such controls, it should be recognized that any system of the internal control over financial reporting, no matter how well designed and operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to condensed consolidated financial statement preparation and may not prevent or detect all misstatements due to error or fraud.

## **CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There have been no changes in the Company's internal controls over financial reporting during the nine month period ended September 30<sup>th</sup>, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## **RISKS AND UNCERTAINTIES**

The Company believes that the following items represent significant areas for consideration.

### **Cash Flows and Additional Funding Requirements**

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding will be available to continue to carry on its business and develop its mineral properties.

### **Industry**

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

### **Commodity Prices**

The success of the Company's operations will be dependent in part upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

### **Competition**

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and

retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

### **Foreign Political Risk**

The Company's material property interests are currently located in the United States. A significant portion of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

### **Government Laws, Regulation & Permitting**

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

### **Title to Properties**

Acquisition of rights to the exploration and evaluation properties is a very detailed and time-consuming process. Title to, and the area of, exploration and evaluation properties may be disputed. Although the Company has made reasonable efforts to investigate the title to all of the properties for which it holds mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an interest in certain of its properties. To earn its interest in each property, the Company is required to make certain cash payments and incur certain exploration expenditures. If the Company fails to make these payments and incur such expenditures, the Company may lose its right to such properties and forfeit any funds expended to such time.

## **Estimates of Mineral Resources**

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

## **Key Management**

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

## **Volatility of Share Price**

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

## **Foreign Currency Risk**

A substantial portion of the Company's expenses and payables are now, and are expected to continue to be incurred in United States currency. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and United States dollar may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

## **Conflict of Interest**

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest which will be subject to the procedures and remedies under the *Business Corporation Act (British Columbia)*. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions.

## **OUTLOOK**

Given the results of the Golden Summit PEA, the next significant step for the Golden Summit Project, subject to arranging appropriate financing, would be the preparation of a Preliminary Feasibility Study. A significant advantage for the project to keep the initial capital expenditures at a minimum is the superb supporting infrastructure in the immediate vicinity of the property, as well as in the broader region. The city of Fairbanks (population 100,000) is a 30 minute drive via paved highway while industrial scale grid power and rail transport are available nearby. Additional drilling, metallurgical testing, environmental analyses, other permitting and property confirmation activities will need to be undertaken as part of this next level of study. In the near term, particular emphasis will be placed on planning additional drilling aimed at expanding the current oxide resource. Geophysical, geochemical and geological results had identified three primary areas in which drilling should be focused. Drilling during 2017 was focused on the area to the north of the oxide resource and the results indicate that the oxide mineralization extends to the north. Both the

areas to the west and southwest remain untested by additional drilling. These areas represent high priority areas for further oxide expansion.

In addition to the studies being planned at Golden Summit, exploration is continuing at Shorty Creek as a result of the encouraging results obtained from the 2015 - 2017 field programs. In 2015, the first core drilling was undertaken at Shorty Creek. Hole SC 15-03 confirmed that copper mineralization present at Hill 1835 is associated with a magnetic high. Drilling during 2016 focused on both Hill 1835 in the area of the 2015 drilling as well as Hill 1710 where a broad magnetic anomaly with coincident copper and molybdenum in soil anomaly was identified. Seven holes were completed in the 2016 program for a total of 3,038 metres (9,966 feet).

The 2016 drill program successfully confirmed the presence of a copper-gold-molybdenum porphyry system at the Shorty Creek Project within the 100 sq. km property. The airborne magnetic survey has identified several northeast trending magnetic highs. Copper-gold mineralization and associated porphyry alteration has been intersected in drill holes at Hill 1835 while copper-molybdenum mineralization has been confirmed at Hill 1710.

The 2017 program at Shorty Creek was aimed at expanding the mineralization at Hill 1835, an already large scale porphyry target. Results from the drilling at Hill 1835 has indicated continuous mineralization both laterally and to depth.

In addition to the Hill 1835 drilling, one hole was completed in the Steel Creek area during 2017. Steel Creek lies 1.5 km to the northeast of Hill 1835, and is defined by a large magnetic anomaly measuring 2.0 km by 2.5 km. Hole 17-06 was drilled in the central area of the magnetic feature and returned anomalous values. Of particular significance is the anomalous metal suite encountered within the hole, which includes copper, gold silver, cobalt and tungsten, consistent with that seen at Hill 1835. Additional drilling will be necessary to further test this promising target area.

Drilling at Hill 1835 is still early stage with the spacing between holes averaging 120 metres and a large untested area remaining. Considerable infill drilling will be necessary in order to define an indicated resource, however, each hole drilled to date has intersected broad zones of mineralization, despite the wide spacing, and results continue to confirm both the grade and overall tonnage potential of this sizeable target area. Several additional targets remain to be tested, including the Quarry target which is a geophysical and geochemical target with outcropping feldspar porphyry with up to 0.05% copper in the outcropping oxide material.

*This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in development of mineral properties, and the amount and quality of metal products recoverable from the Company's mineral resources. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and uncertainties related to metal recoveries. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.*