

VIKING GOLD EXPLORATION INC.
(A Development Stage Enterprise)
Management's Discussion and Analysis
September 30, 2018

A) GENERAL:

This Management Discussion and Analysis ("MD&A") document prepared as of August 29, 2018, should be read together with the condensed interim financial statements for the nine months ended September 30, 2018, which are presented in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), and the audited financial statements for the years ended December 31, 2017, 2016 and 2015 of the Company, which are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. All amounts herein are expressed in Canadian dollars, and are based on the Company's IFRS accounting policies, unless otherwise indicated.

The address of the Company's registered head office is #2B – 2900 John Street, Markham, Ontario, Canada, L3R 5G3. Additional information about Viking Gold is available on the SEDAR website at www.sedar.com and on the Company's website at www.vikinggold.ca.

**B) OVERVIEW:
CONTINUANCE OF OPERATIONS; and
EVENTS OCCURRING AFTER THE REPORTING PERIOD:**

Overview

Viking Gold Exploration Inc. is incorporated under the laws of the Province of Ontario and is a junior exploration company engaged in mineral exploration in Canada. It is a reporting issuer in the Provinces of Ontario, Newfoundland and Labrador, British Columbia and Alberta, and was a Tier-2 listed company on the TSX Venture Exchange (hereafter the "TSX-V"), that previously traded under the symbol **VGC**. The Company is currently under a Cease Trade order that was filed December 8, 2015 for failure to file its Financial Statements. Viking Gold Explorations Inc. has been transferred to the "NEX", but is still halted from trading.

There has been no determination whether the Company's properties contain mineral reserves that are economically recoverable. The Company has not earned significant revenue and is considered to be an exploration stage entity. Further details of the Company's projects and underlying properties are set out in the MD&A section "G) Exploration and Evaluation Assets".

Continuance of Operations

During the nine months ended September 30, 2018, the Company had very limited activities. The Company made no new acquisitions, nor spent any monies on any exploration or development. The Company disposed of one of its exploration and evaluation assets. The Company had a net loss of \$5,450 (2017 – net income of \$45,892) and an accumulated deficit of \$10,026,536 as at September 30, 2018 (December 31, 2017 - \$10,029,837). As at September 30, 2018, the Company also had a working capital deficiency of \$1,018,199 (December 31, 2017 - \$1,012,974).

Accordingly, continuing operations of the Company are dependent on its ability to generate future cash flows, settle debts, or obtain additional financing. Management anticipates that sufficient working capital will be obtained from external financing and debt settlements to meet the Company's current and future liabilities and commitments as they become due, though

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there is a significant risk that additional financing may not be available on a timely basis or on terms acceptable to the Company.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its exploration and evaluation properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, negotiation of contracts, currency fluctuations and political uncertainty.

See also MD&A section "J) Liquidity and Capital Resources" for details concerning the Company's "Forward-looking Strategy".

Events occurring after the reporting period

None.

C) RISKS AND UNCERTAINTIES:

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material. As a result of the financial matters discussed in the preceding paragraph, there is significant doubt regarding the ultimate applicability of the Company's going concern assumption.

The Company is primarily involved in gold exploration, an inherently high-risk activity. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

Exploration is also capital intensive and the Company has no funding mechanism other than equity financings (including private placements and exercises of common share purchase warrants and common share purchase options) and potential financial arrangements with other mineral exploration companies.

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Market risk and environmental risk are additional risks the Company faces. Market risk is the risk of depressed metals prices, particularly gold. The Company is dependent on capital markets to fund exploration, development and general working capital requirements and a period of depressed gold prices might make access to investment capital more difficult. Environmental regulations affect the cost of exploration and development as well as future mining operations.

The skills of management and staff in mineral exploration and raising capital serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to raise funds and to attract potential exploration partners. In addition, there is also a risk that existing exploration partners may be unable to meet their financial obligations, which could delay resource projects and possibly place additional stress on the Company's cash resources.

D) FORWARD-LOOKING STATEMENTS:

This MD&A may contain certain forward looking statements relating to, but not limited to, the Company's operations, exploration plans, anticipated equity financing, business prospects and strategies. Forward looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors as identified under "Risks and Uncertainties" above, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include financial market conditions and economic, competitive, regulatory and business conditions.

The Company updates its forward-looking statements at future dates based on outcomes not presently known and as such, readers should not place undue reliance on forward-looking statements.

E) GOVERNANCE:

On December 8, 2015 the Ontario Securities Commission issued a Cease Trade Order on Viking Gold Exploration Inc. for failure to file its quarterly financial statements for September 30, 2015. To date the Cease Trade Order is still in effect.

F) FLOW-THROUGH SHARES – COMMITMENTS, CONTINGENCIES & SUBSCRIBER INDEMNIFICATIONS:

As at December 31, 2012, the Company was committed to incur \$566,880 in qualifying Canadian exploration expenditures prior to January 1, 2014, pursuant to two 2012 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2012.

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The Company incurred actual qualifying expenditures of \$6,444 in 2012 and \$7,608 in 2013, leaving a shortfall of \$552,828 as at December 31, 2013. Accordingly, effective December 31, 2013, the Company recorded a \$400,000 provision for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency ("CRA") and Revenu Québec ("RQ"), attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible. In 2014, the Company recorded a further \$15,000 related to interest on reassessed amounts.

The Company made the following assumptions in estimating its subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 47.97% and are eligible for both the federal 15% and provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 48.22% and are eligible for the federal 15% investment tax credit and the 150% CEE "super-allowance";
- Of the \$552,828 shortfall, \$73,329 applies to Ontario subscribers and \$479,499 applies to Quebec subscribers; and
- Subscribers will be assessed two year's interest on reassessed amounts.

As at September 30, 2018, one shareholder has applied for the indemnification in the amount of \$13,367. A balance of \$401,633 remains as a liability.

The Company has also accrued in trade and other payables, the estimated Federal Part XII.6 tax and similar Quebec tax for 2013 and prior years of \$100,627.

The Company does not currently have the financial resources to pay the combined estimate of approximately \$502,000 of amounts accrued to the CRA/RQ and to its flow-through share subscribers as at September 30, 2018.

See also MD&A section "J) Liquidity and Capital Resources" for details of the Company's "Forward-looking Strategy".

G) EXPLORATION AND EVALUATION ASSETS:

Description of Properties

During the nine months ended September 30, 2018, the Company did not acquire any new interests in mineral properties.

In January 2018, the Company sold three interests in the North West Territories to Goldmining Inc. for 60,000 shares of Goldmining Inc. with a fair value of \$79,800 based on the quoted market price of the shares on the dated of the agreement.

The Company currently holds a 100% interest in 9 claims known as "Verneuil East". The Company also has the following net smelter royalties ("NSRs"):

- a 0.6% net smelter royalty ("NSR"), which the purchaser can buy back for \$1,000,000 on claims in Yellowknife;

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- a 0.5% NSR on the Verneuil West interests, one-half (0.25%) of which the purchaser can buy back for \$250,000; and
- a 0.35% NSR on the Verneuil Central interests, one-half (0.175%) of which the purchaser can buy back for \$175,000

H) SELECTED ANNUAL INFORMATION:

Selected annual financial information for the Company for the past three years, prepared under IFRS, is as follows:

| Years ended December 31 | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-----------------------|-----------------------|
| Financial results | | | |
| Proceeds on sale of mineral properties | \$20,000 | \$114,000 | nil |
| Gain on debt settlement | \$92,556 | nil | nil |
| Interest expense on debenture | (\$14,000) | (\$11,375) | (\$11,349) |
| General and Administrative expenses | (\$44,796) | (\$79,220) | (\$162,389) |
| Net and Comprehensive Income(Loss) | <u>\$53,760</u> | <u>\$23,405</u> | <u>(\$173,738)</u> |
| Basic and diluted income (loss) per share | <u>\$ 0.001</u> | <u>\$ 0.000</u> | <u>\$ (0.002)</u> |
| Financial Position | | | |
| Working Capital Deficiency | <u>(\$1,012,974)</u> | <u>(\$1,067,034)</u> | <u>(\$1,090,739)</u> |
| Share Capital | <u>\$9,009,002</u> | <u>\$9,009,002</u> | <u>\$9,009,002</u> |
| Deficit | <u>(\$10,029,837)</u> | <u>(\$10,093,597)</u> | <u>(\$10,473,921)</u> |

I) RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Three Months Ended September 30, 2018

For the three months ended September 30, 2018, the Company realized a net loss of \$22,133 compared to net loss of \$19,808 in 2017.

Total expenses during Q3 2018 were \$22,133 compared to \$19,808 for Q3 2017. Some of the variances in expenses are as follows:

- Management fees paid or accrued to the CEO increased from \$5,500 in 2017 to \$7,500 in 2018;
- Professional and regulatory fees decreased from \$10,675 in 2017 to \$5,869 2018 due to decreased legal fees;

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- Office and administration increased to \$2,251 from \$58 due to timing of expenditures; and
- Interest expense increased from \$3,500 in 2017 to \$6,438 due to interest on the convertible debentures and the addition of interest on the loan payable.

Nine Months Ended September 30, 2018

For the nine months ended September 30, 2018, the Company realized a net loss of \$5,450 compared to net income of \$45,892 in 2017.

Total expenses during 2018 were \$59,966 compared to \$46,664 for 2017. Some of the variances in expenses are as follows:

- Management fees paid or accrued to the CEO increased from \$18,000 in 2017 to \$22,500 in 2018;
- Professional and regulatory fees decreased from \$17,794 in 2017 to \$16,869 in 2018 due to decreased legal fees;
- Office and administration increased to \$4,875 from \$145 due to timing and classification of expenditures; and
- Interest expense increased from \$10,500 in 2017 to \$15,497 due to interest on the convertible debentures and the addition of interest on the loan payable.

The Company also realized a gain on disposition of exploration and evaluation assets of \$79,800, a loss of \$15,284 on the sale of investments and an unrealized loss on investments of \$10,000 during the nine months ended September 30, 2018.

During the nine months ended September 30, 2017, the Company also recorded a gain on settlement of debts of \$92,556.

J) LIQUIDITY AND CAPITAL RESOURCES:

Liquidity

The Company has available cash and working capital resources as outlined below.

| <u>Under IFRS, as at</u> | <u>September 30,</u> <u>2018</u> | <u>December 31, 2017</u> |
|----------------------------|-------------------------------------|--------------------------|
| Cash | \$ 41,199 | \$ 3,390 |
| Working capital deficiency | 1,018,199 ^{1,2} | 1,012,974 ^{1,2} |

(1) Includes provision for indemnification of flow-through share subscribers accrual.

(2) Includes \$107,500 due on redemption of 10% convertible debentures.

Forward-looking Strategy

Management has identified that the Company's strategy for 2018/2019 will be to attempt to raise additional capital of approximately \$500,000 through private placements of common shares and investor warrants, in order to fund, on a balanced basis, property option and other payments, share issue costs, Part XII.6 tax and related liabilities, operating activities and the replenishment of working capital.

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The Company's planned 2018/2019 funding does not presently include providing for the flow-through share subscriber indemnification accrual, which is expected to take an extended period of months to years, to move through the CRA/RQ audit process.

Capital Resources

Convertible Debentures

On July 7, 2014, the Company completed a private placement of \$107,500 10% unsecured convertible debentures (the "Debentures") that mature on June 30, 2015. A related party invested \$10,000 in the placement. The Debentures bear interest at the rate of 10% per annum which interest will be paid on maturity.

The Debentures (plus any unpaid and accrued interest) are convertible, at the option of the holder, into units (each a "Unit") at a conversion price (the "Conversion Price") of \$0.01 per Unit over the term of the Debenture, subject to the TSX-V minimum pricing requirement of \$0.05 for the first 12 months and \$0.10 thereafter until maturity. In the event of a share consolidation by the Company, the Conversion Price will be adjusted proportionately, though it will still be subject to the same \$0.05 and \$0.10 TSX-V minimum pricing requirements on a post-consolidation basis.

Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at the Conversion Price for a period of 36 months from the date of issuance of the warrant.

Interest expense on the Debentures for the nine months ended September 30, 2018 was \$12,238 (2017 - \$7,000).

Assuming that \$107,500 of the Debentures are subsequently converted by the holders at a \$0.05 conversion price, and there is no share consolidation, this would result in the issuance of 2,150,000 Units, representing the equivalent of 2,150,000 common shares and 2,150,000 warrants (or a combined potential 4,300,000 common shares if all the warrants were subsequently exercised). No value has been assigned to the equity conversion option as the conversion rate substantively exceeds the market value of the equity and the limited time to exercise.

On June 1, 2015, the debenture holders agreed to extend the maturity of the debentures, under the same terms and conditions, to December 31, 2015.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet financing arrangements.

K) SHARE DATA:

The Company's share data as at September 30, 2018 and November 28, 2018, the date of this MD&A, is as follows:

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| | <u>As at</u> <u>September 30,</u> <u>2018</u> | <u>Transactions</u> <u>after</u> <u>September 30,</u> <u>2018</u> | <u>As at</u> <u>November 28,</u> <u>2018</u> |
|---|---|--|--|
| Common shares | 79,778,229 | - | 79,778,229 |
| Share purchase warrants | - | - | - |
| Share purchase options | - | - | - |
| | | | |
| Fully diluted number of common shares outstanding | <u>79,778,229</u> | <u>-</u> | <u>79,778,229</u> |

Potential Issuances of Common Shares

The schedule above excludes the potential issuance of up to 4,300,000 common shares through the issuance and conversion of a maximum of \$107,500 of convertible debentures.

L) RELATED PARTY TRANSACTIONS:

The Company considers its related parties to consist of: i) the Company's key management personnel (namely officers and directors) and those companies subject to their control or significant influence; and ii) advisory committee members and consultants providing services to the Company on a basis similar to employees.

a) Summary of Related Party Transactions

Details of the Company's transactions with related parties for the nine months ended September 30, 2018 and 2017, are as follows:

| | <u>September 30,</u> <u>2018</u> | <u>September 30,</u> <u>2017</u> |
|---|-------------------------------------|-------------------------------------|
| Statements of Loss and Comprehensive Loss | | |
| Management fees – officers' companies | <u>\$ 20,000</u> | <u>\$ 18,000</u> |

The Company's officers receive fees through their companies pursuant to fee-for-service arrangements in lieu of salaries. The Company's Board of Directors approves these fees and the share-based compensation.

b) Related Party Balances

As at September 30, 2018, amounts payable to related parties of \$251,000 (December 31 2017 - \$292,982) represents fees owed/accrued to officers and their companies/law firm and also to advisory committee members. These liabilities are unsecured, non-interest bearing and due within 30 days.

As at September 30, 2018 and December 31, 2017, related parties were also invested in the convertible debenture.

M) FINANCIAL INSTRUMENTS:

The Company's financial instruments primarily consist of cash (classified as loans and receivables), investments (classified as fair value through profit or loss), amounts receivable (classified as loans and receivables), and accounts payable and accrued liabilities, convertible debentures and interest payable on convertible debentures (classified as other financial liabilities).

As at September 30, 2018, the carrying values and fair values of the Company's financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. In addition, the Company's financial instruments that are carried at fair value consist of FVTPL investments, classified as "level 1" within the fair value hierarchy.

The Company has not used any hedging or financial derivatives.

See Note 14 in the Company's condensed interim financial statements at September 30, 2018, for additional information concerning financial instruments and related risks.

N) COMMITMENTS AND CONTINGENCIES:

Flow-through Shares

The Company's original December 31, 2012 flow-through share commitment is discussed in MD&A section "F) Flow-Through Shares – Commitments, Contingencies and Subscriber Indemnifications".

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

O) NEW IFRS ACCOUNTING STANDARDS:

During the years ended December 31, 2017, 2016 and 2015, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 7, IFRS 11, IAS 1, IAS 7, IAS 12, IAS 24, IAS 32, IAS 36, IAS 38 and IAS 39. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 - Revenue from Contracts With Customers (“IFRS 15”) proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.