ARGO GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

General

This Management's Discussion and Analysis ("MD&A") is prepared as of April 30, 2019 and should be read in conjunction with the audited annual financial statements of Argo Gold Inc. ("Argo" or "the Company") for the years ended December 31, 2018 and December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward- looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information, including the Annual Information Form can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars.

Overview

Argo Gold Inc. (the "Company") is a development stage enterprise incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the Canadian Stock Exchange ("CSE"), having the symbol ARQ and is in the process of exploring its mineral properties. The address of the Company's corporate office and principal place of business is 365 Bay Street, Suite 400 Toronto, Ontario, M5H 2V1, Canada.

Results of Operations

During the year, the Company undertook limited exploration activity due to weak capital market conditions. The exploration activity completed in the year did include the compilation and review of historical geological and geophysical data; as well as additional planning for follow-up drilling on the Woco Property.

During the year, the Company completed a purchase and sale agreement to sell a 100% interest in the South Wawa Gold Project to RT Minerals Corp. for consideration of 350,000 common shares of RT Minerals Corp. On June 19, 2018 RT Minerals Corp. announced a consolidation of its common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares.

During the year, the Company completed a purchase and sale agreement with to sell its 100% interest in its Rockstar Gold Project located in the Sault Ste. Marie Mining Division to Manitou Gold Inc. The consideration for its Rockstar Property, was: 1) $200,000 payable to the Company on closing, 2) 4 million shares of Manitou Gold Inc. on closing, and 3) A 1% net smelter return royalty (the "Royalty") in favour of Argo Gold on the Rockstar Property. The Purchaser has a one-time right to purchase 0.5% of the Royalty from Argo Gold for the sum of $500,000.

During the year, the Company staked the Fortune Lake Property consisting of 942 hectares on the eastern end of the Werner – Rex Lakes Fault Zone, and the Campfire Lake Property consisting of 890 hectares on the possible eastern strike extension of Werner – Rex Lakes Fault Zone. The newly acquired claims are 100% owned by Argo Gold.

During the year, the Company staked additional mineral claims around its flagship and core projects as well as staking the Angela Lake Gold Project. Argo acquired nine claim units totaling 1.7 square kilometres near Angela Lake at the north end of the Birch Uchi greenstone belt in the Red Lake Mining Division. Argo also staked additional mineral claims at its flagship Woco Gold Project as well as McVicar Lake, Abbie Lake, Macassa Creek and the Hurdman Silver Zinc Project. At the Woco Gold Project, Argo staked 839 additional hectares. At the McVicar Lake Gold Project, Argo staked 963 additional hectares. At the Abbie Lake Gold Project, Argo staked 80 additional hectares. At the Macassa Creek Gold Project, Argo staked 129 additional hectares. At the Hurdman Silver-Zinc Project, Argo staked 63 additional hectares. The newly acquired claims are 100% owned by Argo Gold.

Also during the year, the Company raised an aggregate of $1,187,630 through the issuance of units and flow-through shares pursuant to the offering. Each unit consists of one common share of the Company and one-half of one common share purchase warrant with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.25 for a period of twelve (12) months from the date of closing. In connection with the offering the Company has paid finder's fees of $81,274 cash and issued an aggregate of 388,955 warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of $0.25 per common share for a period of twelve (12) months from the date of issuance.

Revenue and Other Income

The Company did not earn any operational revenue during the year ended December 31, 2018. In the year, the company generated other income of $689,866 from a gain on the sale of exploration and evaluation assets, offset by a loss of $412,605 on the sale and change in fair value of marketable securities relating to the sales transactions, for a net other income of $277,261.

Selected expenses for the years ended December 31, 2018, 2017 and 2016.

	December 31,		
	2018	2017	2016
Amortization	**$ 2,961**	$ 2,951	$ 299
Administrative expenses	**70,261**	15,906	20,391
Consulting fees	**73,017**	92,833	65,771
Exploration expenses	**3,600**	5,600	-
Management fees	**109,000**	124,242	75,000
Professional fees	**115,939**	83,198	37,395
Listing fees	**8,092**	23,227	10,373
Share-based compensation	**56,327**	185,551	58,082
Business development & Investor relations	**188,196**	158,725	33,778
	$ 627,393	$ 692,233	$ 301,089

For the year ended December 31, 2018

Administration expenses increased by $54,355 from the prior year due a significant increase in activity and general expenses during the year. Consulting fees decreased by $19,816 for the year as a result of the lower activity during the year. Management salaries for the period decreased by $15,242 as result of overall reduced management salaries during year. Professional fees increased by $32,741 due to the additional work required to close the acquisition and sales transactions that took place throughout the year. Listing fees decreased by $15,135 due to the better allocation of related expenditures. Share-based compensation decreased by $129,224 as a result of management's decision to limit the amount of options and grants issued to management and consultants to the company. Business development and Investor relations decreased by $29,471 for the year, due to the lower activity throughout the year and better allocation of these expenses. These development and relations expenses cover planning meetings and attendance at numerous trade shows during the first and second quarters.

During the year the Company issued 1,080,000 common shares at prices of $0.20 and $0.12 per share to settle an aggregate of $190,400 of debt. The debt was held by various arm's length and non-arm's length creditors.

Summary of Results & Selected Quarter Information

The following table sets for the selected financial information for Argo Gold Inc. for the most recently completed eight quarters. This information has been derived from Company's financial statements for the period and should be read in conjunction with financial statement and the notes thereto.

Quarterly Financial Information (unaudited)	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income (loss)	$ (198,305)	$ 19,125	$ 442,690	$ 13,751	$ -	$ -	$ -	$ -
Net Income (loss)	$ (397,619)	$ (6,441)	$ 267,986	$ (214,058)	$ (154,068)	$ (77,909)	$ (254,584)	$ (188,565)
Net Income (loss) per share	$ (0.01)	$ 0.00	$ 0.01	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)

Summary of significant items by quarter for the year ended December 31, 2018

2018-Q1

During the quarter, the Company incurred higher professional and consulting fees due to the additional work required to acquire and close the transactions listed in the results of operations and the addition of an advisory board member.

2018-Q2

In the second quarter, the Company incurred a realized gain on the sale in the amount of $689,866 of its Rockstar Gold Project to Manitou Gold for $200,000 in cash and 4,000,000 shares of Manitou Gold. Also during the quarter, the Company recognized a loss on the value of the marketable shares in the amount of $248,925.

2018-Q3

During the quarter, the Company undertook very limited exploration activity due to weak capital market conditions and cut back on consulting and administrative expenses. In the quarter, the company generated other income of $19,125 from a gain on the value of marketable securities relating shares held.

2018-Q4

In the fourth quarter, the Company incurred significant professional, consulting, marketing and business development expenses as it planned and executed on its successful private placement. Also in the quarter, the Company recognized a loss of $198,305 on the value of marketable securities relating shares held.

For the three months ended December 31, 2018 and 2017

The following table sets forth selected financial information for Argo Gold Inc. for the quarters ended December 31, 2018 and 2017. This information has been derived from the Company's financial statements for the period and should be read in conjunction with financial statement and the notes thereto.

	For the three-month period ended December 31,	
	2018	2017
	$	$
Revenues	**-**	-
Net and comprehensive income (loss)	**(397,619)**	(154,068)
Net income (loss) per share basic and diluted	**(0.01)**	(0.01)
Total assets	**2,651,159**	1,398,014
Total Liabilities	**577,235**	106,023
Working capital	**649,720**	52,004

Liquidity and Capital Resources

As at December 31, 2018 there was cash and subscription receivable of $1,053,551 compared to cash of $51,912 as at December 31, 2017, and HST receivable of $28,125 compared to $106,115 as at December 31, 2017. HST accounts receivable decreased due to timely processing and collection of 2018 quarterly returns, only the current quarter end return was outstanding. The Company's December 31, 2018 short-term obligations consist of accounts payable of $577,235 (December 31, 2017 - $106,023), which includes $299,466 of flow through premium liability.

The Company's working capital at December 31, 2018 was a surplus of $649,720 compared to a surplus of $52,004 at December 31, 2017. The Company continues to keep administrative expenses to a minimum. The Company has been successful in accessing the equity market in the past and while there is no guarantee that this will be continue to be available, management has confidence that this capability will not diminish in the near term. Any funds raised are to be largely used to further the exploration projects and planned drilling programs, most notably at its flagship, Woco Gold Project.

Outstanding Share Data

Shares, warrants and options outstanding are:

- Shares - As at December 31, 2018, the Company had outstanding and issued 36,329,881 common shares. During the year the Company raised an aggregate of $1,187,630 by private placement through the issuance 1,725,555 units for gross proceeds of $310,600 and 3,986,500 flow through shares for gross proceeds of $877,030. During the year the Company issued 1,080,000 common shares to settle debts and 200,000 common shares to acquire properties. Additionally during the year, 376,198 common shares were issued on the exercise of warrants and another 100,000 common shares on the exercise of options.

- Warrants – As at December 31, 2018, the Company had 2,571,583 warrants outstanding. During the year the Company issued 862,778 warrants from issuing shares entitling the holder thereof to purchase one common share at an exercise price of $0.25 per common share for a period of twelve (12) months from the date of issuance. In connection the Company has paid finder's fees of $81,274 cash and issued an aggregate of 388,955 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of $0.25 per common share for a period of twelve (12) months from the date of issuance. There were 376,198 warrants exercised during the year for cash proceeds of $48,746.

- Stock Options - The Company has a stock option plan (the "Plan") to encourage ownership of the Company by its key officers, directors, employees and consultants. The maximum number of common shares that can be issued under the Plan at any time is 10% of the issued and outstanding shares of the Company. As at December 31, 2018, there are 2,949,000 options outstanding, representing 81.17% of the Plan eligible maximum. There were 100,000 options exercised during the year for cash proceeds of $10,000.

  As of the date of this MD&A the Company has:
  - 36,959,881 common shares issued and outstanding
  - 2,399,000 stock options outstanding
  - 2,571,583 warrants outstanding

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the quarters ended December 31, 2018 and 2017 as follows:

		December 31, 2018		December 31, 2017
Management fees and consulting expense:				
Management fees charged by CFO for corporate administrative and financial management services (b)	$	49,000	$	49,242
Consulting fees charged by the CEO for corporate administration (b)		60,000		75,000
Share based payments		31,741		-
	$	**140,741**	**$**	**124,242**
Professional fees expense:				
Legal fees charged by an officer/director for legal and corporate secretarial services	$	49,577	$	57,533
	$	**49,577**	**$**	**57,533**

a) Included in accounts payable and accrued liabilities are consulting fees of $107,018 (December 31, 2017 - $3,189) to the CEO for management fees and expenses, and legal fees of $79,315 (December 31, 2017 - $32,926) due to a company controlled by a director in common with the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

b) Key management compensation was incurred during the year was $109,000 (December 31, 2017 - $124,242) in salaries.

c) As a result of the debt settlement arrangement that occurred on February 5, 2018 the Company settled amounts payable of $15,000 to a company controlled by a director in common with the Company.

d) As a result of the debt settlement arrangements that occurred on January 17, 2017, the Company settled amounts payable of $56,000 with the former CFO for 560,000 shares of the Company. The Company settled liabilities of $110,000, including the short-term debt, with a company controlled by a director in common with the Company for 1,100,000 shares of the Company. The Company settled amounts payable of $30,000 with the CEO for 300,000 shares of the Company. a) Included in accounts payable and accrued liabilities are consulting fees of $107,018 (December 31, 2017 - $3,189) to the CEO for management fees and expenses, and legal fees of $79,315 (December 31, 2017 - $32,926) due to a company controlled by a director in common with the Company.

Subsequent Events

On January 29, 2019 – Argo Gold settled an aggregate of $12,000 of indebtedness of the Company with a creditor through the issuance of an aggregate 80,000 common shares at a price of $0.15 per Common Shares. The Common Shares issued pursuant to the debt settlement are subject to a four month and one day hold period pursuant to applicable securities laws.

On February 11, 2019 – Argo Gold acquired additional claims, expanding of their 100% owned land package, Argo's flagship Woco Gold Project, located just outside of the Red Lake Gold District. Key details of the claims are: • Two Additional blocks of claims contiguous with the main Woco Gold Property. • Block 1 consists of 11 claims, which cover the North and Western parts of the HST 'Break' and which contain the extension of the Raingold showing. • Block 2 consists of 8 claims which cover the Eastern extent of the Uchi Mine area geology and a portion of the Uchi Lake Deformation Zone. With this new staking, the Woco Gold Project has increased in size by 15%, bringing Argo Gold's total land package in the prospective Birch Uchi Greenstone Belt to 2,176 hectares.

In early January 2019, the Company sold an additional 360,000 shares of their holdings in Manitou Gold for proceeds of $16,200. The number of shares still held in Manitou Gold is now at 3,500,000.

During January and February 2019 550,000 common shares were issued on exercise of options with an exercise price of $0.10, raising $55,000. Upon exercise, an amount of $37,509 was transferred from contributed surplus to share capital.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except where noted.

Exploration and evaluation expenditures

Exploration and evaluation expenditure ("E&E") assets consist of exploration and mining concessions, patents, options and contracts. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment.

E&E costs consist of:

- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and related deferred exploration costs are written off to operations.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statements of operations for the period. In addition, capitalized E&E assets are assessed for impairment upon demonstrating the technical feasibility and commercial viability of the project.

Share-based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions, other than as consideration for E&E assets, are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of the instruments is measured as determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration for E&E assets is based upon the trading price on the date of the agreement to issue shares as determined by the Board of Directors.

Reclamation Obligation

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of an E&E interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. The Company does not currently have any significant legal or constructive obligations and therefore, no reclamation provision has been recorded as at December 31, 2018 and December 31, 2017.

Financial Instruments

<u>Accounting policy under IFRS 9 applicable from January 1, 2018</u>

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and subscription receivables held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company measures its investments at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

IFRS 9 allows simplified approach simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable, accrued liabilities and due to related parties, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

Accounting policy under IFRS 9 prior to January 1, 2018

The Company holds certain financial instruments such as cash, accounts payable and accrued liabilities, the fair value of which approximate their carrying value due to the short-term nature of these instruments.

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to a contract. Both financial assets and liabilities are initially measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs. IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") requires classification of financial assets at inception into one of four categories: fair value through profit or loss, held to maturity; loans and receivables, and available for sale; and classification of financial liabilities at inception into one of two categories: fair value through profit or loss and other liabilities.

Non Derivative Financial Instruments

Financial assets at fair value through profit or loss

The company has classified its cash as financial assets at fair value through profit or loss.

Loans and receivables

Accounts receivable are classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses. Gains and losses are recognized in profit or loss when loans are derecognized or impaired.

Available for sale

Available for sale financial instruments securities are measured initially at fair value. They are accounted for at fair value with unrealized gains and losses included in Other Comprehensive Income (Loss). When there is a significant or prolonged decline in the fair value of an available for sale financial asset or there is objective evidence that the asset is impaired, the cumulative loss equal to the difference between the acquisition cost and its fair value, less any impairment loss that has been recognized in Other Comprehensive Income (Loss) will be reclassified from equity' to profit or loss even though the financial asset has not been derecognized.

Impairment of financial assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been negatively impacted.

The carrying amount of the financial asset is directly reduced by any impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

Other Liabilities

Accounts payable and accrued liabilities and HST payable are classified as other liabilities are carried at amortized cost. The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments recorded at FVTPL

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).
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Cash is classified as level 1.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Flow Through Shares

Upon the issuance of flow through shares, the Company records the initial proceeds to capital stock, net of any tax liability, if any. The flow through premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs expenditures to meet flow through requirements, a corresponding tax liability[7] is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

Changes in Accounting Policies

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018. There were no effects on opening balances at January 1, 2018 with respect to the adoption of these policies.

IFRS 9, *Financial Instruments*

IFRS 9 replaces International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Investments	Held for trading	FVPL
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 39.

Recent Accounting Pronouncements

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

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.

Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires that management make judgemental, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9(c) of the financial statements.

Title to exploration and evaluation property interests

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Allowance for other receivable

The fair value of the Company's other receivable is considered to be the fair value of the amount expected to be received. Subsequent provisions for impairment are considered when amounts become past due or when other objective evidence is received that a specific counterparty will default.

Estimated useful life of equipment

Management estimates the useful lives of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment in the future.

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements, other than previously disclosed, that has, or reasonably likely to have, an impact on the current or future of operations or the financial condition of our Company.

Commitments

As at December 31, 2018, the Company had a commitment to spend $877,030 (December 31, 2017 - $Nil) from amounts raised by flow-through financing on eligible Canadian exploration and development expenses by December 31, 2019.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow through common shares on Canadian qualifying exploration expenditures. The Company has indemnified current and previous flow-through subscribers for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Upon issuance of the flow-through shares in December 2018 in the amount of $877,030, the Company recorded a flow-through liability of $299,466. As expenditures are incurred, the flow-through share liability will be reversed. Through December 31, 2018, the Company has not incurred any eligible exploration expenditures.

Management's Evaluation of Disclosure Controls

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2018 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at December 31, 2018.

Risks and Uncertainties

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company's exploration and development activities is dependent on financial markets, which often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently mineable deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which cannot be controlled by management. As a result, the Company's future business, operations, and financial condition could differ materially from the forward-looking information contained in this MD&A's and described in the Forward-Looking Statements section below.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors, which affect this information, except as required by law.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior year's net losses.