SUPREME METALS CORP.
(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSION AND ANALYSIS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

AUGUST 28, 2018

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended June 30, 2018, compared to the period ended June 30, 2017. This report prepared as at August 28, 2018 intends to complement and supplement our condensed interim consolidated financial statements (the "financial statements") as at June 30, 2018 and should be read in conjunction with the financial statements and the accompanying notes. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Supreme", we mean Supreme Metals Corp. and/or its subsidiaries, as it may apply.

DESCRIPTION OF BUSINESS

Supreme Metals Corp., the ("Company"), was incorporated pursuant to the Business Corporation Act (British Columbia) The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "ABJ" and the Frankfurt Stock Exchange under the symbol "A68" on the XETRA (R) trading platform. The Company's head office and registered records office is located at 545 Granite Street, Sudbury, Ontario P3C 2P4.

The Company is engaged in the acquisition, exploration and development of natural resource properties with a focus on precious mineral properties which have potential for both near-term cash flow and significant exploration upside potential. The Company is considered to be in the exploration stage and has not placed any mineral properties into production.

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS AND FACTORS AFFECTING RESULT OF OPERATIONS

During the period ended June 30, 2018, the Company closed the following transactions:

- On March 28, 2018 and April 17, 2018, the Company closed the first and second tranche of its non-brokered private placements (the "offering") by issuing 40,000,000 units ("the Units") at a subscription price of $0.05 per Unit for gross proceeds of $2,000,000. Each Unit is comprised of one common share of the Company (each a "Common Share") and one Common Share purchase warrant (each a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one additional Common Share at an exercise price of $0.075 for a period of 24 months following the closing of the Offering. Following the close of the Second Tranche, the Company closed fully subscribed for aggregate gross proceeds of $2 million pursuant to the Offering.

- The Company exercised 876,000 of warrants for gross proceeds of $43,800.

- On April 17, 2018, the Company entered into two option agreements with American Cobalt Corp., a wholly owned subsidiary of International Cobalt Corp. (CSE:CO), for its Foster Marshall Project and Mount Thom Project. See properties section for additional detail.

USE OF PROCEEDS

The Company completed a non-brokered private placement in March and April 2018 for net proceeds of $1,950,720. The Company intends to use the net proceeds for exploration and general working capital. The table below provides a breakdown of the intended use, the amounts used to date and any variances.

Intended use of proceeds of March and April 2018 Private Placements		**Amount incurred to date June 30, 2018**		**Variances**
Exploration and evaluation activity (60%)	$1,200,000	Exploration and evaluation activity (60%)	$21,590	No variances anticipated
General Working Capital (40%)	$750,720	General Working Capital (40%)	$nil	No variances anticipated
Total	$1,950,720	Total to date	21,590	

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

EXPLORATION AND EVALUATION EXPENDITURES

June 30, 2018

	June 30, 2018 $	**June 30, 2017** $
Property purchases – issue of shares	-	2,717,500
Property purchases – finders fees	-	182,500
Property purchases – cash payments	-	230,000
Staking	-	3,000
General exploration expenditures	45,520	7,833
Recovery from option agreements	(175,000)	-
	(129,480)	**3,140,833**

The Company's exploration and evaluation expenditures are mainly related to the acquisition of various property rights and finders' fees. Many of these property rights were either terminated or returned to the original claim holders as the Company decided against further expenditures on these properties.

PROJECTS:

(1) Mt. Thom Project

On February 3, 2017, the Company has entered into a purchase and sale agreement (the "Mt Thom Purchase Agreement") with the Vendors for the acquisition of a 100% undivided interest in the Mt Thom Project. The Mount Thom property is believed to be an "IOCG-type" copper-cobalt-gold prospect located in central Nova Scotia, Canada, approximately 22km east of Truro. The project consists of 39 units (mineral claims) over five contiguous licenses and covers approx. 1,560 acres located in the Province of Nova Scotia. In consideration for the acquisition of the Mt Thom Project, the Company paid $20,000 and issued 2,500,000 common shares (issued) to the Vendors. The Mt Thom Project is subject to a 1.5% gross royalty payable to the Vendors. See note (2) below, for the Foster Marshall Property, for details of new option agreement.

On May 25, 2018, the Company reported that anomalous cobalt had been confirmed on the Mount Thom Property (the "Property") on 3 drill cores selectively analyzed using an XRF (X-Ray Fluorescent) unit. The Property is now believed to be a Cu-Co-Au variant of an IOCG mineralization event and further investigation of the Property is ongoing.

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Mt. Thom Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Mt. Thom Project. As consideration for this Option Agreement, the Purchaser have the following commitments:

- Pay $87,500 within 5 days of signing the option agreement (paid);
- Earn 60% interest by completing a 43-101 comliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Mt. Thom Project is subject to a 1.5% gross royalty.

(2) The Foster Marshall Property

On February 13, 2017, the Company entered into a mineral purchase and acquisition agreement with Gino Chitaroni, Elmer B. Stewart, and Robert Peel (the "FM Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to seven mineral claims located in the Ingram and Ingram Townships of the Province of Ontario (the "FM Project"). The FM Project is located in the Province of Ontario in the Larder Lake Mining Division, more specifically in the historic mining area of Cobalt, Ontario. The property is located approximately 25 kms north of the former producing Langis Mine project, once held by Agnico Eagle Mines Limited Pursuant to the FM Acquisition Agreement; the Company shall earn 100% of the FM Project upon the payment of $100,000 and the issuance of 6,500,000 common shares (issued) to the FM Vendors. The FM Project is subject to a 2% Net Millings Returns Royalty payable to the FM Vendors, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. The initial project consisted of 7 mineral claim units and covered approx. 633 acres. On August 5, 2017 the additional staking of a 6 unit claim contiguous to the Foster Marshall Property was completed by the Company. This additional six unit claim is 100% owned by the Company and has no associated royalty.

On April 10. 2018 the Ontario Ministry of Mines and Forests readjusted their previous 16 hectare claims to be converted to 25 hectare cells. This adjustment resulted in the creation of 25 full cells and 4 boundary cells to comprise the property changing the area of the Foster Marshall property to be approximately 659 hectares.

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Foster Marshall Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Foster Marshall Property. As consideration for this Option Agreement, the Purchaser have the following commitments:

- Pay $87,500 within 5 days of signing the option agreement (paid);
- Earn 60% interest by completing a 43-101 comliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Foster Marshall Property is subject to a 2% gross royalty payable to the original owners of the property, half of which can be purchased at any time for a cash payment of $1,000,000.

(3) The Silver Shadow Property

On February 1, 2017 the Company entered into an option agreement (the "Option Agreement") with Anstag Mining Inc. providing for an exclusive option to purchase a one hundred percent (100%) undivided interest in and to the Silver Shadow Property located in northwest part of the Clayton Valley, Nevada. Pursuant to the Option Agreement, the Company shall earn 100% of the Silver Shadow Property upon the issuance of 1,000,000 common shares (issued) to Anstag Mining Inc. within five days of the signing of the Option Agreement. On August 11, 2017 the claim holders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

(4) The Silver Dawn Property

On February 14, 2017, the Company has entered into a property sale agreement (the "Silver Dawn Purchase Agreement") with Kode Mineral Exploration Ltd. ("Kode") for the acquisition of a 100% undivided interest in and to 150 mineral claims located in the Clayton Valley Basin, Nevada (the "Silver Dawn Property"). In consideration for the acquisition of the Silver Dawn Property, the Company shall issue 3,000,000 common shares (issued) to the Vendors. The Silver Dawn Property is subject to a 1% gross royalty payable to Kode, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. On August 11, 2017 the claimholders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

(5) The Columbus Property

On February 1, 2017 the Company has entered into a purchase and sale agreement (the "Purchase Agreement") with Doctors Investment Group Inc. for the acquisition of a 100% undivided interest in the Columbus Property located within the Columbus Salt Marsh, Esmerelda County, Nevada. In consideration for the acquisition of the Columbus Property, the Company shall issue 9,000,000 common shares (issued) to Doctors Investment Group Inc. within five days of signing the Purchase Agreement. The Columbus Property is subject to a 1% Gross Overriding Royalty (GORR) payable to the vendor; however, the GORR is subject to a buyback in favour of the Company whereby it may acquire, at any time, one-half of the GORR (0.5%) for $1,000,000. On August 11, 2017 the claim holders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

(6) The Bloom Lake East Project

On February 3, 2017, the Company entered into an agreement of purchase and sale (the "Bloom Lake East Purchase Agreement") with Thomas Popoure and Ryan Kalt (the "Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to the Bloom Lake East Project located in Newfoundland and Labrador. Pursuant to the Bloom Lake East Purchase Agreement, the Company shall earn 100% of the Project upon the payment of $100,000 (paid) and issuance of 5,000,000 common shares (issued) to the Vendors. The Bloom Lake East Project is subject to a 1.5% gross royalty payable to the Vendors. Subsequent to year end the Company allowed the Bloom Lake East Claims to expire.

One week prior to February 16, 2018, the Company notified the initial claimholder of its intent to allow the Bloom Lake East Claims to expire. As of February 16, 2018, the Bloom Lake East Claims technically lapsed but were extended for another year by promptly paying a fee to the Newfoundland Government.

(7) The Helfrick Property

On March 8, 2017 the Company entered into an agreement of purchase and sale (the "Helfrick Property Option Agreement") with Otter Minerals Ltd (the "Vendors") providing for the acquisition of an option to purchase a 100 percent interest in the Helfrick Property located in the Algoma Mining Division, Ontario, located approximately 27 kilometres north of the town of Thessalon, Ontario. The Helfrick Property consists of 8 mining patents of 8 units covering approximately 128 hectares with historic bulk sampling of cobalt bearing mineralization. Pursuant to the agreement the Company issued 9,000,000 common shares and paid $10,000 to the Vendors.

On March 13, 2017, the Company via contract claimstakers, staked an additional 2 claims totalling 12 units, (approximately 192 hectares) adjacent to the Helfrick Property. These newly staked claims were registered in the name of Supreme Metals Corp. on March 20, 2017. The acquisition of these claims allows a contiguous land package of 320 hectares in the area including the Helfrick Property patents. In addition, the patent claims also include the C. Beaudoin Cu, Au Property. Subsequent to year end the company elected not to continue with the option and the agreement was terminated. The staked claims were also cancelled by the Ontario Ministry of Mines.

CO-OPERATION AGREEMENTS

On February 28, 2017 the Company announced that it had entered into a Cooperation Agreement (the "Agreement") effective February 25, 2017 with Portugal-focused Iberian Lithium Corp. ("Iberian"). In addition, on February 21, 2017, the Company also entered into a Cooperation Agreement effective February 19, 2017 with Morocco based Green Energy Resources SARL ("GER"). The Agreement forms the foundation for a strategic relationship between GER and Supreme, enabling the joint evaluation and potential acquisition of Cobalt and other mineral research permits in Morocco.

Further advancements were announced on March 14, 2017 as follows;

Spain: The Company is negotiating with a Spanish company that holds a permit on an area which contains a drilled-off lithium deposit with a 43-101 resource.

Portugal: Supreme's partner Iberian Lithium Corp. ("Iberian") will be submitting its applications which are being finalized now over 2 large target areas identified in the in-depth study conducted by Iberian, which yielded 34 principal areas of lithium anomalies including numerous instances of greisenised granited cupolas intersected by drilling. These areas resemble the large Cinovec deposit in the Czech Republic.

Morocco: The Company's partner Green Energy Resources SARL is working closely with the relevant officials towards the granting of a concession in the exceptional Co-Ni Bou Azzer mining complex located in the plateau of the Draa region. Green Energy has narrowed in on specific assets that come with a meaningful data set which will be crucial in giving the Company a leg up as it begins work in the country.

CONDENSED INTERM CONSOLIDATED RESULTS OF OPERATIONS

All of the balances set out in this and following sections, including the Summary of quarterly results conform to IFRS standards.

	June 30, 2018	June 30, 2017
	$	$
EXPENSES (INCOME)		
Exploration and evaluation expenditures (recovery)	**(129,480)**	3,145,280
Travel	**9,903**	10,824
Transfer agent and filing fees	**13,172**	11,035
Professional fees	**15,806**	35,494
Consulting fees	**73,500**	29,879
Insurance	**3,362**	3,551
Staking	**-**	3,000
Equipment rental	**-**	1,289
General and administration	**2,915**	1,210
Bank charges and interest	**267**	492
Marketing	**-**	230,853
Stock based compensation	**-**	109,100
Total expenses (income)	**(10,555)**	3,582,007
Interest income	**(2,144)**	-
Net income (loss) and comprehensive income (loss) for the period	**12,699**	(3,582,007)

For the period ended June 30, 2018 compared to the period June 30, 2017

The Company recorded net income of $12,699 for the period ended June 30, 2018 compared to a net loss $3,582,007 for the corresponding period in 2017. Some of the significant charges to operations are as follows:

- Exploration fees of $(129,480) (2017 - $3,145,280) include exploration and evaluation expenditures, finder's fees, and property acquisition costs. During the six-month period June 30, 2018, the Company did not acquire any new properties and optioned two of the Company's properties to an arms-length party for $175,000.
- Consulting fees of $73,500 (2017 - $29,879) relate to general consulting fee and management fees. The Company entered into three consulting agreements to advise on the newly optioned property.
- Stock based compensation of $nil ($2017 – 109,100) relate to option issuances. During the six month period June 30, 2018, no new options were issued.
- Marketing expense decreased by $230,853 from the comparative quarter. During the six months ended June 30, 2017, the Company paid for a one time awareness program in Europe.

The past few years have been extremely difficult for junior exploration companies due to the difficulty in raising capital in the capital markets. It is still a challenge, so there is still the need to conserve cash as far as possible, but still bearing in mind the parallel need to manage a compliant public company and the maintenance of its assets in good standing. This period, with the ability to raise funds in a market improving with renewed interest in junior exploration companies, the Company has expended funds to increase the visibility of the Company in European and Canadian markets.

SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	June 30 2018 $	Mar 31 2018 $	Dec 31 2017 $	Sep 30 2017 $	Jun 30 2017 $	Mar 31 2017 $	Dec 31 2016 $	Sep 30 2016 $
Deficit and Cash Flow								
Net income (loss)	67,516	(46,817)	(160,626)	68,069	(57,564)	(3,524,444)	(693,208)	(48,664)
Basic and diluted gain (loss) per share	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)	(0.01)	(0.00)
Balance Sheet								
Long term liabilities	-	-	-	-	-	-	-	-
Total Assets	2,060,874	364,978	694,978	156,761	156,761	244,210	537,837	13,786

Fluctuations in Assets are mostly due to cash on financing activities and deployed to property investigation and acquisition and advancement of exploration and evaluation assets. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of exploration activities being undertaken at any time and the availability of funding from investors or collaboration partners.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise exploration and development programs depending on its working capital position.

As at June 30, 2018 the Company had a working capital of $1,919,644 (December 31, 2017 – deficit of $87,474) which primarily consisted of cash of $ 1,478,341 (December 31, 2017 - $68,140), receivables of $34,697 (December 31, 2017 - $26,852), prepaid expenses of $5,042 (December 31, 2017 - $1,681) and loan receivable of $542,794 (December 31, 2017 - $Nil). Current liabilities, being accounts payable and accrued liabilities as at June 30, 2018 amounted to $141,230 (December 31, 2017 - $184,147) Refer to the Financial Statements for more information on the use of cash in operating, investing and financing activities for the period ended June 30, 2018 and 2017.

Other than the above mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be from the mining and sale of mineral products or interests related there to. The economics of developing and producing mineral products are affected by many factors including the cost of operations, variations in the grade of ore mined, and the price of metals. Depending on the price of metals, the Company may determine that it is impractical to continue commercial production. The price of metals has fluctuated widely in recent years and is affected by many factors beyond the Company's control including changes in international investment patterns and monetary systems, economic growth rates, political developments, the extent of sales or accumulation of reserves by governments, and shifts in private supplies of and demands for metals. The supply of metals consists of a combination of mine production, recycled material, and existing stocks held by governments, producers, financial institutions and consumers. If the market price for metals falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or development of other projects or mining at one or more of its properties at that time.

LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

OPERATING ACTIVITIES:

Cash provided by (used in) operating activities for the six months ended June 30, 2018 was $6,432 as compared to ($631,569) in the prior period. During the six-months ended June 30, 2018, the Company optioned two of their properties to an arms-length party, resulting in a cash inflow of $175,000. In the comparative quarter, there was a significant cash outflow to fulfill various exploration and evaluation commitments.

INVESTING ACTIVITIES:

Cash used in investing activities for the three months ended June 30, 2018 was $540,650 as compared to $3,597 in the prior period. The Company entered into a promissory note agreement and loaned $540,650 to an arms-length party.

FINANCING ACTIVITIES:

Cash used in financing activities for the six months ended June 30, 2018 was $1,944,520 as compared to $241,250 in the prior period. On March 27, 2018, the Company closed a non-brokered private placement financing by issuing 40,000,000 units at a subscription price of $0.05 per unit for gross proceeds of $2,000,000.

RELATED PARTY TRANSACIONS AND KEY MANAGEMENT COMPENSATION

The Directors and Executive Officers of the Company are as follows:

Robert Komarechka	Chief Executive Officer and Director
Vicki Rosenthal	Chief Financial Officer
Brendan Purdy	Director
Maciej Lis	Director

The Company incurred the following related party transactions, with associated persons or corporations, which were undertaken in the normal course of operations and were measured at the exchange amount as follows:

a) Key management include directors, executive officers and officers which constitute the management team. The Company paid or accrued compensation in the form of consulting fees to key management or companies controlled by directors, executive officers and officers and share based compensation directly to directors, executive officers and officers as follows:

Period-ended	**June 30, 2018** **$**	June 30, 2017 $
Consulting fees paid to the Chief Executive Officer	**10,000**	13,267
Legal fees paid to a director	**7,500**	-
Consulting fees paid to the Chief Financial Officer	**2,500**	5,000
	20,000	18,627

As at June 30, 2018, $ Nil (December 31, 2017 - $ 5,000), is included in accounts payable and accrued liabilities for amounts owing for key management.

OUTSTANDING SHARE DATA

The following summarizes the outstanding common shares, options and warrants as of August 28, 2018.

	Number
Common Shares, issued and outstanding	178,824,532
Stock options convertible into common shares	4,350,000
Warrants	55,484,800

FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2018. Management believes that the credit risk with respect to these amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2018, the Company had cash and cash equivalents of $1,478,341, (December 31, 2017 - $68,140) to settle trade accounts payable and accrued liabilities of $141,230, (December 31, 2017 - $184,147), the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Management is continuing in its efforts to secure a financing and believes it will be successful.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

iv) Financial risk

Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company at the present time does not have any foreign currency balances subject to foreign currency risk.

OFF-BALANCE SHEET ARRANGEMENTS

None are applicable at this time, however with mineral exploration, obligations for environmental, First Nation compliance and health and safety issues can create non reportable concerns. The Company hopes to minimize such situations by maintaining adequate insurance coverage, establishing honest and open communications and operating in a safe and responsible manner compliant with current standards as per the most recent applicable acts and regulations.

Going Concern

The condensed interim consolidated financial statements for the period ended June 30, 2018 have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company has incurred losses since inception and has no current source of revenue. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given the volatile and uncertain financial markets. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. At June 30, 2018, the Company had a deficit of $5,011,761 (December 31, 2017 - $5,032,257) and a working capital of $1,919,644 (December 31, 2017 - $87,474).

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets may be materially less than the amounts recorded on the consolidated statement of financial position.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities, obligations or responsibilities associated with the Company's mining interests.

CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at June 30, 2018 was a $1,919,644 (December 31, 2017, totaled deficit -$87,474).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the period ended June 30, 2018 and December 31, 2017.

RISKS AND UNCERTAINTIES

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable, especially in today's volatile and uncertain financial markets. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Exploration and Development

Exploration for minerals is a speculative venture involving substantial risk. There is no certainty that the expenditures made by the Company and/or its subsidiaries will result in discoveries of commercial metal reserves.

Mining and development risks always accompany anticipated rewards, and uncertainties always exist where mineral properties are concerned. Uncertainties include the size, grade and recovery of naturally occurring mineral deposits. Although exploration and development efforts can outline a mineral deposit with a degree of certainty, ultimate grade and tonnages are never fully known until mining has been completed. Metal prices are also a significant factor in the development decision for a mineral property, as a mine may not be economically feasible in a period of depressed prices. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Pricing is affected by numerous factors such as international economic and political trends, global or regional consumption and demand patterns, and increased production by current producers.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Foreign Country and Political Risk

The Company might from time to time pursue mineral properties in unstable political or economic countries. The Company would be subject to certain risks, including currency fluctuations and possible political or economic instability in certain jurisdictions, which may result in the impairment or loss of mineral concessions or other mineral rights. Mineral exploration and mining activities may be affected in varying degrees by political instability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes may also adversely affect the Company's business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety. The Company does not presently own/pursue foreign exploration projects.

Title Risks

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health and safety, waste disposal, and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards, and enforcement, and higher fines and penalties for non-responsibility for companies including its directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for the Company and its directors, officers and employees. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or productions costs or reduction in levels of productions at producing properties, or requirements abandonment, or delays in development of new mining properties.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Price Volatility of Public Stock

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act, British Columbia ("Corporations Act") in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation costs is provided in the Company's consolidated statement of loss and note disclosures contained in its consolidated financial statements for the year ended December 31, 2017. These statements are available on SEDAR - Site accessed through www.sedar.com.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant

Management's Responsibility for Financial Statements

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of certain properties.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets

Caution regarding forward-looking information

This document is required by securities legislation to contain and does contain forward-looking statements, opinions about future events and comments regarding risks and opportunities, which reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historic, the statements are essentially forward-looking and are often identified by words such as, but not limited to, "anticipate", "expect", "estimate", "intend", "project", "plan" "might", "could" and "believe". In the interest of providing shareholders and potential investors with information regarding SMC, including management's assessment of future plans and future operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.