BARSELE MINERALS CORP.
INTERIM REPORT TO SHAREHOLDERS
For the Three Months Ended March 31, 2018
(Expressed in Canadian Dollars – Unaudited)

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

Dated: May 29, 2018

Management's Responsibility for Financial Reporting:

The accompanying financial report for the three month period ended March 31, 2018 has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and MD&A (together the "filings") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial report together with the other financial information included in the filings and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Description of Business" with respect to management's planned exploration and other activities, and in "Liquidity", and "Corporate Summary" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Description of Business:

The Company is engaged primarily in the acquisition, exploration, and evaluation of mineral properties.

The Barsele Property is located 40 km southeast of the town of Storuman in Västerbottens Län, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 30 years. From 1985 to 2010, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland Resources S.A. ("Northland") completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

On October 27, 2010, Barsele's predecessor company, Orex Minerals Inc. ("Orex") announced the acquisition of the Barsele Project from Northland.

Description of Business (cont'd…):

BARSELE, SWEDEN (continued):

The Central-Avan-Skiråsen (CAS) Zone at Barsele is an orogenic gold deposit, which contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared and intruded by late stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent in excess of eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

On February 28, 2011, Orex reported that an independently verified mineral resource estimate had been completed on the Barsele Property. A new estimate was also prepared at this time for the Norra volcanogenic massive sulphide deposit. On April 27, 2011, Orex filed a National Instrument 43-101 compliant technical report on SEDAR.

In May 2011, Orex initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS ("SkyTEM") of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, Orex reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

In August 2011, Orex engaged Finland-based SuomenMalmiOy ("SMOY") and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skiråsen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, 9 VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proven efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, Orex commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. ProtekNorr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

Description of Business (cont'd…):

BARSELE, SWEDEN (continued):

On November 7, 2012, Orex reported that an independent updated resource estimate had been completed on the Barsele Property by the consulting firm, Mining Plus. The study concluded that drilling to date on the Central-Avan-Skiråsen Zones, at a 0.6g/t cut-off, outlined an Indicated Resource of 14.1 million tonnes grading 1.21 g/t gold for 547,000 contained ounces of gold. In addition, the study estimated additional Inferred Resources of 20.2 million tonnes grading 0.97 g/t gold for 627,000 contained ounces of gold. The resource estimate was performed to a depth of 300 metres, although gold mineralization is known to occur below this depth.

A new estimate was not prepared for the Norra volcanogenic massive sulphide deposit. In February 2011, a resource estimate at a 0.6g/t Au cut-off outlined an Indicated Resource of 110,000 tonnes grading 3.13 g/t gold, 30.27 g/t silver, 0.53% copper and 0.72% zinc. The study also estimated additional Inferred Resources of 310,000 tonnes grading 1.62 g/t gold, 12.69 g/t silver, 0.26% copper and 0.42% zinc.

At least three other target areas of known gold and/or base metal mineralization have been reported from the various generations of regional exploration outside the CAS Zone and Norra Zone. Further exploration is also warranted in these zones.

In fiscal 2013, Orex reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

(a) Upon receipt of TSX Venture Exchange approval, US$250,000 in cash and 4,000,000 common shares of Orex.

(b) On or before December 31, 2013, US$1,750,000 in cash.

Finally, on October 21, 2013, the terms were altered in that the deferred consideration valued at $3,974,406 was settled. The value of $3,974,406 was an increase of $150,374 from April 30, 2013 due to interest expense of $64,833 and foreign exchange of $85,541. The balance was settled with the issuance of 7,500,000 shares of Orex valued at $1,912,500, and cash of $257,615 (USD 250,000). As a result, Orex recorded a gain on settlement of deferred consideration in the amount of $1,804,291. Closure of this amended agreement, giving Orex 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

Total drilling at the end of October 2015 on the Barsele Project equaled 49,809 metres in 414 drill holes.

On February 23, 2015, Orex announced a Letter of Intent for a joint venture on the Barsele Project with Agnico Eagle Mines Ltd. ("Agnico Eagle"). On August 6 2015, Orex announced an arrangement agreement to spin out its interest in the Barsele Project to a wholly-owned subsidiary Barsele Minerals Corp. ("the Company"). Completion of the spin out was announced on September 25, 2015. Orex retains a two percent (2%) net smelter royalty on the Barsele project.

On September 25, 2015, the Company was transferred from Orex, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV"). The project is now a joint venture transaction with Agnico Eagle Mines Limited with respect to the Company's Barsele Project. As part of the joint venture agreement, Agnico Eagle has committed to spend US $7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Project, if it completes a pre-feasibility study.

Description of Business (cont'd…):

BARSELE, SWEDEN (continued):

On October 20, 2015, the Company announced that an exploration program for the Barsele Project had been approved by Agnico Eagle and the Company, with Agnico Eagle serving as operator, under the guidance of a joint venture technical committee. The 2015 exploration budget totals approximately US$ 3.25 million and commenced immediately upon announcement.

Diamond drilling around the existing resource areas, plus along down-plunge extensions was planned for approximately 12,300 metres utilizing four drilling rigs. Additional trenching, structural mapping, till sampling, hyperspectral imaging, plus metallurgical and environmental studies are also underway.

Progress updates on the Barsele Project exploration were distributed on February 29, 2016, April 13, 2016 and May 4, 2016. (Barsele Minerals Corp. news releases). Since October 2015, Agnico Eagle has drilled a total of 25 holes in the Barsele Central and Skiråsen Zones for 13,264 metres as per Agnico Eagle update summary drafted April 29, 2016. On February 29, 2016, the Company announced an intercept in the Skiråsen Zone, hole CNT15016, of 112 metres core length (estimated 84 metres true thickness) grading 2.01 g/t gold. This hole is located 650 metres southeast of the Central Zone. A highlight of the April 13th, 2016 news release is an intercept in the Skiråsen Zone, SKI-15001, of 61 metres core length (estimated 45.75 metres true thickness grading 1.61 g/t gold.

A highlight from the May 4, 2016 news release was a recognition that the Central and Skiråsen gold zones are connected. The combined Central-Skiråsen Zone has a strike length of approximately 1,400 metres and extends from surface to a depth of at least 540 metres, ranging in width from 10 to 150 metres. Mineralization remains open at depth and along strike.

A highlight from the July 14, 2016 news release was a drill intercept from hole SKI-16006 of 69.8 meters grading 1.31 g/t gold, including 25.7 meters grading 2.17 g/t gold from the Skiråsen Zone. This intercept extends the known Skiråsen mineralization by approximately 200 meters down plunge from the 78.8 m intercept in hole SKI-16005.

A highlight from the August 2, 2016 news release was a drill intercept from hole SKI-16007 of 33.0 meters grading 4.08 g/t gold uncut (1.87 g/t gold cut). Drilling in the first half of 2016 totals 8,807 meters and a cumulative total of 17,192 meters has been drilled since the beginning of the joint venture in October 2015.

Highlights from the September 12, 2016 news release relates to drilling along the Avan Zone, where drill hole AVA16-005 intersected 6.0 meters grading 16.20 g/t gold and 26.00 meters grading 2.22 g/t gold and drill hole AVA16-007 intersected 33.40 meters grading 1.68 g/t gold and 8.00 meters grading 3.23 g/t gold.

Highlight results from the October 27, 2016 news release included the extension of the Central Zone 175 meters northwest toward the Avan Zone, where drill hole CNT16-001 intersected 27.00 meters grading 1.80 g/t gold and CNT16-002 intersected 134 meters core length grading 1.11 g/t gold, including 39.00 meters grading 2.41 g/t gold. It was also announced that Agnico Eagle Mines Ltd., increased their Barsele 2016 exploration budget by $US2.5 million dollars. Planned drill meterage has increased from 19,000 to 36,000 meters.

Highlight results from the November 23, 2016 news release was the confirmation that joint venture partner Agnico Eagle Mines Ltd. had fulfilled its expenditure commitment of $US7 Million dollars, ahead of the June 11, 2018 deadline.

Description of Business (cont'd…):

BARSELE, SWEDEN (continued):

Highlight result from the December 14, 2016 news release was the result of expansion drilling extending the Central Zone mineralization 345 meters WNW towards the Avan Zone, with hole CNT 16011 yielding 23.0 meters grading 7.90 g/t gold at 275 meters depth.

Highlight results from the January 17, 2017 news release were conversion hole SKI16010 adding continuity to the Skiråsen Zone with 6.0 meters grading 33.46 g/t gold, plus 178.0 meters grading 1.68 g/t gold, plus expansion hole CNT16017 yielding 31.0 meters grading 2.65 g/t gold.

On February 21, 2017, the Company provided a news release with the announcement that Agnico Eagle has prepared an updated mineral resource estimate for Barsele.

On February 27, 2017, the Company announced that they had retained AMEC Foster Wheeler for a resource review.

Highlight results from the March 6, 2017 news release was the result that validation hole AVA16024 extends Avan mineralization 375 meters NW of the known Avan Zone, plus conversion hole SKI16015 yielded 31.0 meters grading 2.29 g/t gold and conversion hole CNT 16032 yielded 92.0 meters grading 1.63 g/t gold.

The highlight result from the April 4, 2017 news release was infill hole SKI17003 yielding 8 gold intercepts, including 4.0 meters grading 60.18 g/t gold and extending Skiråsen mineralization to 595 meters' depth.

The highlight result from the May 9, 2017 news release was expansion hole SKI16002 yielding 13.0 meters grading 2.15 g/t gold and extending Skiråsen mineralization an added 100 meters to 695 meters' depth, with the gold mineralized system remaining open down plunge to the southeast.

The highlight result from the June 21, 2017 news release was expansion hole CNT17006 that yielded 25.0 meters grading 5.34 g/t gold outlining 100 meters of potential extension to a high-grade intersection first encountered in hole CNT16011.

The highlight result from the September 19, 2017 news release was infill hole CNT17012 that yielded 19.75 meters grading 5.07 g/t gold, indicating continuity along the 100-meter gap between the Central and Skiråsen zones.

Highlights from the October 19, 2017 news release, include the result of metallurgical testing that yielded approximately 92 percent gold recovery, plus drilling at Risberget, 3.7 kilometres to the east-southeast of Skiråsen, that yielded four significant gold hits, with a best result of 15.3 meters grading 1.87 g/t gold.

Highlights from the November 21, 2017 news release include positive results from both gold and massive sulphide targets with, expansion hole CNT17020 yielding 21.0 meters grading 2.96 g/t gold. A regional surface till sampling program was carried out during the summer months. This work has resulted in a broad area with anomalous precious and base metal responses in the northern third of the property, several kilometers to the north of existing drilling. As the Barsele Project was originally discovered using till sampling, these results are considered significant.

Description of Business (cont'd…):

BARSELE, SWEDEN (continued):

Highlights from the January 3, 2018 news release include holes from the Risberget area including RIS17007 that yielded 32.0 meters grading 2.92 g/t gold and RIS17005 that yielded 1.0-meter grading 248.0 g/t gold. At the Norra VMS target area hole NOR17007 yielded 9.5 meters grading 1.40 g/t gold, 10.54 g/t silver, 1.61% zinc. In the Central gold zone, drill hole CNT17028 yielded the deepest gold intersection to date, with 12.0 meters grading 3.61 g/t gold at a midpoint depth of 875 meters below surface. During the month of November 2017, four diamond drilling machines were operational within the property. Three infill drill holes and ten regional exploration drill holes were completed during the month, with three drill holes ongoing at month's end. Twelve holes are reported in this news release of which two are expansion and six are infill, and two are VMS related tests at Norra and two are regional tests at Risberget.

Highlights from the January 18, 2018 news release include a hit from hole SKI17009 from the Skiråsen Zone, that yielded 95.0 meters grading 1.63 g/t gold, including 30.0 meters grading 2.10 g/t gold. At Avan, hole AVA17034 has extended two gold lodes by 150 meters with a highlight hit of 12.0 meters grading 2.37 g/t gold. Recent drilling has expanded the Risberget gold potential zone from 250 meters to 1,300 meters.

On March 27, 2018 the Company news release provided an update for December 2017 and January 2018 operations on the Property, including 23 holes of diamond drilling results. Drilling by two machines during January completed 1,555.9 metres total. At the Skiråsen Zone, highlight results include hole SKI17015 which cut seven mineralized zones with highlight hits of 11.0 metres core length (estimated 6.0 metres true thickness) grading 4.18 g/t gold at a midpoint depth of 520 metres below surface plus 22.0 metres core length (estimated 12.0 metres true thickness) grading 1.88 g/t gold at a midpoint depth of 565 metres below surface and 4.0 metres core length (estimated 2.2 meters true thickness) grading 3.96 g/t gold at a midpoint depth of 615 metres below surface.

On April 12, 2018, the Company filed on SEDAR an updated mineral resource estimate report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Barsele Property" with an effective date of February 15, 2018 for the Avan-Central-Skiråsen gold zones at Barsele, with 15,279,000 tonnes at 2.91 g/t gold, containing 1,427,000 Inferred ounces and 2,399,000 tonnes at 2.50 g/t gold containing 193,000 Indicated ounces (all at a 1.75 g/t gold cut-off grade). Carl Pelletier, P. Geo., B.Sc., of InnovExplo Inc., of Val d'Or, Quebec takes responsibility as Qualified Person for this mineral resource estimate.

On April 16, 2018 the Company news release contained information regarding the February 2018 drilling and results, which included two diamond drilling machines operating on the Property, for a total of 2,598.9 metres drilled. At the Skiråsen Zone, highlight results include hole SKI17016 which intersected gold mineralization that averaged 2.43 g/t gold uncut (1.86 g/t gold cut) along a core length of 176.0 metres (333.00 metres to 509.00 metres downhole). As project operator, Agnico Eagle has developed a community relations program to engage the various stakeholders in the Barsele Project area. Basic environmental assessment and surface water characterization, species studies and hydrogeology studies are ongoing.

Art Freeze, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

Results of Operations For The Three Month Periods ended March 31, 2018 and 2017:

During the three month period ended March 31, 2018, the Company incurred exploration expenses amounting to $94,488 (2017 - $43,976). This increase was related to activities involved with the hiring of a third-party consulting firm to interpret property specific data and provide an independently derived updated mineral resource estimate, as well as increased trips to the property.

(Expressed in Canadian Dollars – Unaudited)

Results of Operations for The Three Month Periods ended March 31, 2018 and 2017 (cont'd):

General operating costs totalled $263,524 (2017 - $247,863) for the three months ended March 31, 2018. These costs primarily included consulting of $25,500 (2017 - $9,795), investor relations of $72,058 (2017 - $33,354), management fees of $71,720 (2017 - $78,374), office and administrative fees of $69,007 (2017 - $115,919) and transfer agent and filing fees of $15,868 (2017 - $500). Consulting fees increased this quarter compared to the prior quarter due to increased operating activity requiring elevated support to the Company. Investor relations increased this quarter compared to the prior quarter due to the Company attending more conferences as well as production of marketing materials in the current quarter. Management fees were comparable for the three months ended March 31, 2018 and March 31, 2017. Office and administration fees were lower this quarter compared to the prior quarter due to increased sharing of operating overhead costs.

Interest income for the three months ended March 31, 2018 was $5,375 (2017- $nil), a result of interest earned on the Company's cash balance.

In summary, the loss in the three month period ended March 31, 2018 amounted to $352,637 (2017 - $291,839) or $0.00 (2017- $0.00) per share.

Selected Annual Financial Information:

		For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	For the 8 month period Ended December 31, 2015	For the Year Ended April 30, 2014
Total revenues		Nil	Nil	Nil	Nil
Loss and comprehensive loss for the year:					
(i)	total for the year	$ 2,770,731	$ 2,122,888	$ 789,140	$ -
(ii)	loss per share – basic and diluted	(0.03)	(0.02)	(0.02)	-
Net loss:					
(i)	total for the year	$ 2,770,731	2,122,888	789,140	-
(ii)	loss per share – basic and diluted		(0.02)	(0.02)	-
Total assets		1,728,425	932,109	440,067	1
Total long-term financial liabilities		-	-	-	-
Cash dividends declared per-share		Nil	Nil	Nil	Nil

(Expressed in Canadian Dollars – Unaudited)

Selected Quarterly Financial Information:

	Revenues	**(Loss) Gain for the period**	**(Loss) Gain per share**
1st Quarter ended March 31, 2018	Nil	$(352,637)	$(0.00)
4th Quarter ended December 31, 2017	Nil	$(363,226)	$(0.00)
3rd Quarter ended September 30, 2017	Nil	$(409,970)	$(0.00)
2nd Quarter ended June 30, 2017	Nil	$(1,705,696)	$(0.02)
1st Quarter ended March 31, 2017	Nil	$(291,839)	$(0.00)
4rd Quarter ended December 31, 2016	Nil	$(1,584,149)	$(0.02)
3rd Quarter ended September 30, 2016	Nil	$(98,489)	$(0.00)
2nd Quarter ended June 30, 2016	Nil	$(86,947)	$(0.00)

During the three month period ended March 31, 2018, the Company incurred exploration expenses amounting to $94,488, and $157,248 for the three month period ended December 31, 2017. The Company completed its mineral resource estimate subsequent to March 31, 2018, fees associated with the report were incurred primarily in the fourth quarter of 2017 resulting in higher exploration expenditures for that period. General operating costs totalled $263,524 for the three months ended March 31, 2018. Operating costs for the three months ended December 31, 2017 excluding share-based payments totaled $211,284. The difference arose mainly from increased spending on investor relations in the three months ended March 31, 2018 on conferences and marketing materials.

During the three month period ended December 31, 2017, the Company incurred exploration expenses amounting to $157,248. This is comparable to the three month period ended September 30, 2017 and was related to activities involved with the hiring of a third-party consulting firm to interpret property specific data and provide an independently derived updated mineral resource estimate, as well as increased trips to the property. General operating costs totalled $211,284 for the three months ended December 31, 2017. These costs primarily included consulting of $42,618, investor relations of $20,657, management fees of $105,002 and transfer agent and filing fees of $35,330. Operating costs and exploration costs were in general comparable to the three month period ended September 30, 2017 as activity levels were similar.

During the three month period ended September 30, 2017, the Company incurred exploration expenses amounting to $123,583. This increase was related to activities involved with the hiring of a third-party consulting firm to interpret property specific data. General operating costs totalled $286,387 for the three months ended September 30, 2017. These costs primarily included office and administrative of $130,344, management fees of $69,053 and investor relations of $44,643. Office and administrative expenses primarily consisted of general operating activities during the quarter and the signing of a shared service contract with Belcarra Group Management Ltd. Operating costs were generally higher in the current quarter over those in the comparative quarter of 2016, reflecting the increased operating activity exercised by the operator this year and meaningful results reported, requiring an elevated management and support commitment, such higher level expected to continue for the year.

During the three month period ended June 30, 2017, the Company incurred exploration expenses amounting to $88,774, this increase compared to the three months ended March 31, 2017 was related to activities involved with the hiring of a third party consulting firm to interpret property specific data. General operating costs totalled $1,616,922 for the three months ended June 30, 2017. These costs primarily included share based compensation of $1,385,505, which is why there was an increase in general operating costs this quarter compared to the three months ended March 31, 2017. Office and administrative totaled $85,689, management fees of $68,220 and investor relations of $40,099 were the other significant general operating costs. Office and administrative expenses primarily consisted of general operating activities during the quarter and the signing of a shared service contract with Belcarra Group Management Ltd. Operating costs were generally higher in the current quarter over those in the comparative quarter of 2016, reflecting the increased operating activity exercised by the operator this year and meaningful results reported, requiring an elevated management and support commitment, such higher level expected to continue for the year.

Selected Quarterly Financial Information (cont'd):

During the three month period ended March 31, 2017, the Company incurred exploration expenses amounting to $43,976. General operating costs for the three months ended March 31, 2017 totalled $247,863. These costs primarily included office and administrative of $115,919 which consisted mainly of a shared service contract with Belcarra Group Management Ltd., management fees of $78,374, and investor relations fees of $33,354.

During the three month period ended December 31, 2016, the Company incurred exploration expenses amounting to $26,654 General operating costs totalled $1,557,495, resulting in a loss for the period of $1,584,149. These costs primarily included share-based compensation of $1,425,660 due to options granted to directors, officers and consultants, office and administrative expenses of $45,528, investor relations fees of $45,603 and management fees of $24,000, all of which primarily consisted of payments to a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administrative staff to the Company. The loss for this quarter was higher then the prior quarter due mainly to share-based compensation expense of $1,705,190.

During the three month period ended September 30, 2016, the Company incurred exploration expenses amounting to $15,071. General operating costs totalled $83,418 for the three months ended September 30, 2016. These costs primarily included office and administrative $32,063, management fees of $19,200 and investor relations $21,329 which primarily consisted of general operating activities during the quarter. The Company did not conduct any operating activities for the period ended September 30, 2015, therefore, there are no comparative figures.

During the three month period ended June 30, 2016, the Company incurred exploration expenses amounting to $24,194. General operating costs totalled $62,753 for the three months ended June 30, 2016. These costs primarily included office and administrative $22,260, management fees of $17,040 and investor relations $12,933 which primarily consisted of general operating activities during the quarter. The Company did not conduct any operating activities for the period ended June 30, 2015, therefore, there are no comparative figures. This quarter did not have share-based compensation expense, therefore the loss for the three months ended June 30, 2016 was $86,947 versus $353,303 for the three months ending March 31, 2016

Liquidity:

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the three months ended March 31, 2018 was $352,657 (2017 - $291,839) and after adjustments for non-cash items and changes in other working capital balances, provided a net decrease in cash amounting to $416,008 (2017 - $300,014).

The cash provided by financing activities during the three month period ended March 31, 2018 consisted of proceeds from option exercises of $43,000 (2017 - $478,700) and warrant exercises of $1,593,000 (2017 - $10,500).

As a consequence, the Company's cash position increased from an opening level of $1,618,470 at the beginning of the period to $2,838,462.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, included the securing of joint venture partners where appropriate.

(Expressed in Canadian Dollars – Unaudited)

Capital Resources:

The Company considers its capital structure to be shareholder equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and relies primarily on the funds derived from the spin-out and future equity financings to meet its capital requirements.

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

Equity investment - exploration and evaluation assets:

On September 25, 2015, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV") was transferred from Orex Minerals Inc. ("Orex") to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited ("Agnico"). As part of the joint venture agreement, Agnico has committed to spend US $7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

		March 31, 2018		December 31, 2017
Current assets	$	700,970	$	882,478
Non-current assets		7,501,742		7,438,577
Current liabilities		6,503,129		4,322,769
Loss for the period		2,356,864		14,837,706
The Company's ownership %		45%		45%
The Company's share of loss for the period	$	Nil	$	Nil

As at March 31, 2018 and December 31, 2017, the Company's investment in Barsele JV was $1. The Company's unrecognized share of the loss for the three months ended March 31, 2018 was approximately $1,060,589. The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company's judgment is that it has significant influence, but not control and therefore equity accounting is appropriate

Exploration expenses reported for the three months ended March 31, 2018 of $94,488 (2017 - $43,976) were incurred to meet the Company's reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

(Expressed in Canadian Dollars – Unaudited)

Related Party Transactions:

During the three month period ended March 31, 2018, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Three month period ended March 31, 2018		Three month period ended March 31, 2017
Management fees (Gary Cope - 683192 BC Ltd; Ross Wilmot -Cedarwoods Group)	$	60,720	$	60,720
Total	$	60,720	$	60,720

Other related party transactions are as follows:

		Three month period ended March 31, 2018		Three month period ended March 31, 2017
Administration fees*	$	111,575	$	102,935
Geological consulting fees (general exploration) (Arthur Freeze - Stillwater Enterprises Ltd; Velia Ledezma - 683192 BC Ltd.)		36,549		29,160
Total	$	148,124	$	132,095

* Administration fees paid to Belcarra Group Management Ltd. a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at March 31, 2018 is $10,000 (December 31, 2017 - $13,140) due to directors or officers or companies controlled by directors.

Off Balance Sheet Arrangements:

The Company has no material off balance sheet arrangements in place.

Proposed Transactions:

The Company does not have any material proposed transactions as of May 29, 2018.

Changes in Accounting Policies Including Initial Adoption:

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Corporation's financial statements as a result of transitioning to IFRS 9 effective January 1, 2018.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

a) Classification and measurement of financial assets and liabilities

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial assets. However, it eliminated the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets depends on the purpose for which the financial assets were acquired. The Corporation's financial assets, which consist primarily of cash, and receivables, are classified at amortized cost. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is substantially unchanged.

b) Impairment of financial assets

An 'expected credit loss' (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Corporation's financial assets are measured at amortized cost and subject to the ECL model. The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets on the transition date given that receivables are current and have minimal level of default.

Changes in Accounting Policies Including Initial Adoption (cont'd):

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements:

IFRS 16 Leases

On January 13, 2016 the IASB issued IFRS 16 – Leases the new leases standard. The standard is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied.

The Company expects that this new IFRS standard will have an insignificant effect on its consolidated financial statements other than increased note disclosure.

Capital Management:

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

Financial and Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

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

(a) Fair value of financial instruments

The Company has various financial instruments including cash and receivables and accounts payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable approximates its fair values due to the short-term maturity of the financial instrument.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

(c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company believes its liquidity risk is low.

(e) Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company’s ability to operate and to raise financing through the sale of its common shares.

(Expressed in Canadian Dollars – Unaudited)

Outstanding Share Data:

The Company had 121,135,699 common shares issued and outstanding as of May 29, 2018.

Outstanding Options and Warrants:

Stock options and share purchase warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2016	10,830,300	$ 0.30	10,599,000	$ 0.27
Exercised	(35,000)	0.30	(1,609,000)	0.30
Granted	-	-	-	-
Outstanding, March 31, 2017	10,795,000	0.30	8,990,000	0.30
Expired	(71,000)	0.30	-	-
Exercised	(5,414,300)	0.30	(325,000)	0.27
Granted	-	-	1,800,000	0.90
Outstanding, December 31, 2017	5,310,000	0.30	10,465,000	0.38
Expired	-	-	-	-
Exercised	(5,310,000)	0.30	(430,000)	0.10
Granted	-	-	-	-
Outstanding, March 31, 2018	-	-	10,035,000	0.39
Expired	-	-	(250,000)	0.96
Exercised	-	-	(1,400,000)	0.10
Granted	-	-	-	-
Outstanding, May 29, 2018	-	-	8,385,000	0.42
Exercisable, May 29, 2018	-	$ -	8,385,000	$ 0.42

Events after the reporting period:

Subsequent to the period ended March 31, 2018 the Company issued 1,400,000 common shares on the exercise of options for proceeds of $140,000.

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.