FINANCIAL REVIEW

First Quarter Ended March 31, 2018

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the three months ended March 31, 2018. These condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RACKLA METALS INC.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	$ 239,155	$ 245,217
Equity investments (Note 5)	3,751	4,501
Taxes receivable	1,564	1,144
	244,470	250,862
Assets in disposal group classified as held for sale (Note 7)	50,003	-
	294,473	250,862
Non-current assets		
Deposit (Note 11)	61,000	61,000
Property and equipment (Note 6)	3,996	4,608
Exploration and evaluation assets (Note 7)	1	50,004
	64,997	115,612
TOTAL ASSETS	**$ 359,470**	**$ 366,474**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 17,224	$ 17,425
Due to related parties (Note 11)	233,245	207,805
Total liabilities	250,469	225,230
Shareholders' equity		
Share capital (Note 9)	7,799,555	7,799,555
Other equity reserves	128,023	128,023
Accumulated other comprehensive income	(55,999)	1,500
Deficit	(7,762,578)	(7,787,834)
Total shareholders' equity	109,001	141,244
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 359,470**	**$ 366,474**

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON MAY 18, 2018:

"Simon Ridgway"
Simon Ridgway, Director

"William Katzin"
William Katzin, Director

The accompanying notes are an integral part of these condensed interim financial statements

RACKLA METALS INC.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)
(Expressed in Canadian Dollars)

		Three months ended March 31, 2018		2017
GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization	$	612	$	612
Legal and audit fees		375		361
Management fees (Note 11)		10,500		10,500
Office and administrative (Note 11)		6,713		8,279
Salaries and benefits (Note 11)		6,190		4,425
Shareholder communications		813		492
Transfer agent and regulatory fees (Note 11)		5,841		6,352
Travel and accommodation (Note 11)		449		198
		31,493		31,219
Net loss for the period	**$**	**(31,493)**	**$**	**(31,219)**
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Fair value gain (loss) on equity investments (Note 5)		(750)		2,250
Total comprehensive loss	**$**	**(32,243)**	**$**	**(28,969)**
Basic and diluted loss per share		$(0.00)		$(0.00)
Weighted average number of common shares outstanding		20,098,858		15,098,858

The accompanying notes are an integral part of these condensed interim financial statements

RACKLA METALS INC.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY) (UNAUDITED)

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Share-based payments	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2016	15,098,858	$ 7,549,555	$ 128,023	$ 750	$ (7,707,207)	$ (28,879)
Loss for the period	-	-	-	-	(31,219)	(31,219)
Fair value gain on equity investments	-	-	-	2,250	-	2,250
Balance, March 31, 2017	15,098,858	7,549,555	128,023	3,000	(7,738,426)	(57,848)
Loss for the period	-	-	-	-	(49,408)	(49,408)
Warrants exercised	5,000,000	250,000	-	-	-	250,000
Fair value loss on equity investments	-	-	-	(1,500)	-	(1,500)
Balance, December 31, 2017	**20,098,858**	**7,799,555**	**128,023**	**1,500**	**(7,787,834)**	**141,244**
Impact of adopting IFRS 9 on January 1, 2018 (Note 4)	-	-	-	(56,749)	56,749	-
Balance, January 1, 2018	**20,098,858**	**7,799,555**	**128,023**	**(55,249)**	**(7,731,085)**	**141,244**
Loss for the period	-	-	-	-	(31,493)	(31,493)
Fair value loss on equity investments	-	-	-	(750)	-	(750)
Balance, March 31, 2018	**20,098,858**	**$ 7,799,555**	**$ 128,023**	**$ (55,999)**	**$ (7,762,578)**	**$ 109,001**

The accompanying notes are an integral part of these condensed interim financial statements

RACKLA METALS INC.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2018	2017
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (31,493)	$ (31,219)
Items not involving cash:		
Amortization	612	612
	(30,881)	(30,607)
Changes in non-cash working capital items:		
Taxes receivable	(420)	(19)
Prepaid expenses	-	-
Accounts payable and accrued liabilities	(201)	(158)
Due to related parties	25,440	24,910
	(6,062)	(5,874)
Decrease in cash	(6,062)	(5,874)
Cash, beginning of period	245,217	31,254
Cash, end of period	**$ 239,155**	**$ 25,380**

The accompanying notes are an integral part of these condensed interim financial statements

1. CORPORATE INFORMATION

Rackla Metals Inc. (the "Company") is pursuing opportunities related to exploration of mineral resource properties. The Company was incorporated in the Province of British Columbia on September 20, 2011, and its common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol RAK.

The address of the Company's corporate office and principal place of business is 650, 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

These condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company, except as described in Note 4. These condensed interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in Note 3.

Nature of Operations and Ability to Continue as a Going Concern

These condensed interim financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2018, the Company had not yet achieved profitable operations, has accumulated losses of $7,762,578 since inception, and is expected to incur further losses in the development of its business, all of which raises significant doubt about its ability to continue as a going concern. The Company will periodically have to raise funds to continue operations; although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses.

These condensed interim financial statements do not give effect to adjustments to the recoverability of assets and satisfaction of liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

i) The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   Assets or CGUs are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

   In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized may not be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including access to financing to further exploration and development, geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

ii) The Company has not recognized a deferred tax asset as management believes that it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

iii) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the current year, and to fund planned contractual exploration programs, involves significant judgement based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

(Expressed in Canadian Dollars)

4. ADOPTION OF NEW ACCOUNTING STANDARD

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”), which replaced IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss (“ECL”) impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. The change did not result in a change in carrying value of any of our financial instruments on transition date. The adoption of the ECL impairment model did not have an impact on the Company’s condensed interim financial statements. IFRS 9 does not require restatement of comparative periods. Accordingly, the Company has reflected the retrospective impact of the adoption of IFRS 9 due to the change in accounting policy for equity investments as an adjustment to opening components of equity as at January 1, 2018.

The Company’s financial instruments are accounted for as follows under IFRS 9 as compared to the Company’s previous policy in accordance with IAS 39:

	January 1, 2018	
	IAS 39	**IFRS 9**
Financial Asset		
Cash	Fair value through profit or loss ("FVTPL")	FVTPL
Receivables	Amortized cost	Amortized cost
Equity investments	Fair value through other comprehensive income ("FVOCI")	FVOCI
Financial Liability		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The Company’s equity investments consist of equity securities. For equity securities not held for trading, the Company may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Company elected to designate its equity securities as financial assets at FVOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be recycled into income (loss) upon disposition. As a result of this change, the Company reclassified $56,749 of impairment losses recognized in prior years on equity securities which continue to be held by the Company as at January 1, 2018 from opening deficit to accumulated other comprehensive income. As a result of adopting IFRS 9, the net change in fair value of the equity securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to profit or loss in the Statements of Loss and Comprehensive Loss.

The adoption of IFRS 9 has not had a significant impact on the Company’s policies related to financial assets of cash and receivables and financial liabilities.

(Expressed in Canadian Dollars)

5. EQUITY INVESTMENTS

As of March 31, 2018, equity investments (formerly called available-for-sale investments) consisted of 75,000 common shares of Damara Gold Corp. (“Damara”), a public company, and 200,000 common shares of Voyager Gold Corp. (“Voyager”), a private company with a common director. The private company shares were initially measured at fair value and subsequently written down to $1.

As at March 31, 2018, the carrying amount for the equity investments was $3,751 (December 31, 2017: $4,501).

During the period ended March 31, 2018, there was a decrease in fair value of the Damara shares by $750. This amount was recorded as a fair value loss in other comprehensive income.

	Damara	Voyager	Total
Balance, December 31, 2016	$ 3,750	$ 1	$ 3,751
Change in fair value	750	-	750
Balance, December 31, 2017	4,500	1	4,501
Change in fair value	(750)	-	(750)
Balance, March 31, 2018	**$ 3,750**	**$ 1**	**$ 3,751**

6. PROPERTY AND EQUIPMENT

	Leasehold improvements
Cost	
Balance, December 31, 2016	$ 19,060
Additions	-
Balance, December 31, 2017	19,060
Additions	-
Balance, March 31, 2018	**$ 19,060**
Accumulated amortization	
Balance, December 31, 2016	$ 12,004
Charge for the period	2,448
Balance, December 31, 2017	14,452
Charge for the period	612
Balance, March 31, 2018	**$ 15,064**
Carrying amounts	
At December 31, 2017	$ 4,608
At March 31, 2018	**$ 3,996**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests as at March 31, 2018:

	Rivier	Scarlet	Sixty Mile	Face	Total
Balance, December 31, 2016	$ 1	$ 1	$ 1	$ 1	$ 4
Reversal of impairment	-	41,000	-	9,000	50,000
Balance, December 31, 2017	1	41,001	1	9,001	50,004
Reclassified as assets held for sale	-	(41,001)	(1)	(9,001)	(50,003)
Balance, March 31, 2018	**$ 1**	**$ -**	**$ -**	**$ -**	**$ 1**

Details of the Company's mineral property interests are disclosed in full in the financial statements for the year ended December 31, 2017. Significant changes to exploration and evaluation assets since December 31, 2017 are as follows:

(i) Rivier Property – Yukon Territory

The Rivier Property, located in the Watson Lake Mining District, consisted of 116 claims of which 16 claims are 100% owned and 100 claims were held pursuant to an option agreement (the "Initial Option") with the property owner (the "Rivier Owner") until the Initial Option was terminated by the Company during the 2017 fiscal year.

Subsequent to March 31, 2018, the Company entered into an agreement (the "Rivier and Sixty Mile Agreement") dated April 16, 2018 with the Rivier Owner whereby the Company has acquired 100% ownership of the 100 Rivier claims previously subject to the Initial Option, in consideration for transferring to the Rivier Owner 63 of the Company's Sixty Mile claims, agreeing to make annual advance royalty payments of $10,000 to the Rivier Owner commencing in April 2020, and granting to the Rivier Owner a 2% net smelter return royalty. As a result of the Rivier and Sixty Mile Agreement, the Rivier Property consists of 116 claims owned by the Company.

(ii) Sixty Mile Area – Yukon Territory

The Sixty Mile Property consisted of 508 100% owned claims located in the Dawson Mining District. During the period ended March 31, 2018:

(a) the Company entered into an agreement dated March 8, 2018 to sell 81 of its Sixty Mile claims (the "Sold Claims"). In consideration therefor, the purchaser has agreed to: (i) keep the Sold Claims in good standing for five years; and (ii) pay to the Company 25% of any cash or share payments the purchaser may receive during the next five years in respect of the Sold Claims and certain additional claims adjacent to the Sold Claims which the purchaser proposes to acquire;

(b) the Company relinquished 18 of its Sixty Mile claims to a previous owner in accordance with an underlying agreement previously assumed by the Company with respect to these claims; and

(c) the Company allowed 346 claims to lapse.

Subsequent to March 31, 2018, the Company entered into the Rivier and 60 Mile Agreement dated April 16, 2018 whereby it sold the remaining 63 of its Sixty Mile claims to the Rivier Owner.

As a result of the above transactions, the Company no longer owns any Sixty Mile claims.

7. EXPLORATION AND EVALUATION ASSETS (*cont'd)*

(iii) Scarlet Property – Yukon Territory

The Scarlet Property consisted of 100% owned claims located in the Mayo Mining District and was divided into two claim blocks, Scarlet East and Scarlet West.

During the 2017 fiscal year, a total 193 Scarlet West claims were allowed to lapse. During the period ended March 31, 2018, the Company allowed all remaining 320 Scarlet West claims to lapse.

Subsequent to March 31, 2018, the Company entered into an agreement (the "Scarlet and Hat Agreement") dated April 5, 2018 whereby it sold its 230 Scarlet East claims, and the 49 Hat claims (see Face Property below), in consideration for a cash payment of $50,000 (received) and a 1% net smelter return royalty. As a result of this transaction, the $41,001 carrying value of the Scarlet East claims as of March 31, 2018 was reclassified as an asset held for sale.

As a result of the above transactions, the Company no longer owns any Scarlet claims.

(iv) Face Property – Yukon Territory

The Face Property consisted of 49 100% owned claims located in the Dawson Mining District. As noted above, subsequent to March 31, 2018, the Company sold these claims pursuant to the Scarlet and Hat Agreement dated April 5, 2018. As a result of this transaction, the $9,001 carrying value of the Face Property as of March 31, 2018 was reclassified as an asset held for sale.

8. EXPLORATION EXPENDITURES

There were no exploration expenditures incurred during the three month periods ended March 31, 2018 and 2017.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES

(a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

There was no share capital activity during three month period ended March 31, 2018.

(b) Share Purchase Warrants

A summary of share purchase warrants activity for the period from January 1, 2017 to March 31, 2018 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2016	5,000,000	$0.05
Exercised	(5,000,000)	$0.05
Balance, December 31, 2017	-	-
Balance, March 31, 2018	**-**	**-**

As at March 31, 2018, there were no share purchase warrants outstanding

10. SHARE-BASED PAYMENTS

Option Plan Details

The Company has in place a stock option plan (the "Plan"), which allows the Board of Directors to grant incentive stock options to the Company's officers, directors, employees and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX-V. Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

Share Purchase Options

There was no stock option activity during the three month period ended March 31, 2018.

As at March 31, 2018, the following stock options were outstanding:

Expiry date	Number of options	Exercise price
July 19, 2022	245,000	$0.75

The weighted average remaining contractual life of the options outstanding at March 31, 2018 is 4.30 years (December 31, 2017: 4.55).

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended March 31, 2018 and 2017 with related parties consisting of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Management services

Balances and transactions with related parties not disclosed elsewhere in these condensed interim financial statements are as follows:

(a) During the periods ended March 31, 2018 and 2017, the Company reimbursed Gold Group for the following costs:

	Three months ended March 31, 2018	2017
General and administrative expenses:		
Office and administration	$ 7,084	$ 8,089
Salaries and benefits	6,190	4,425
Transfer agent and regulatory fees	-	500
Travel and accommodation	449	198
	$ 13,723	**$ 13,212**

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs paid to Gold Group include those for the Chief Financial Officer and Corporate Secretary.

(b) Deposits as of March 31, 2018 consist of $61,000 (December 31, 2017: $61,000) paid to Gold Group and are related to the shared office and administrative services agreement with Gold Group. Upon termination of the agreement, the deposits, less any outstanding amounts owing to Gold Group, are to be refunded to the Company.

(c) Amounts due to related parties as of March 31, 2018 consist of $126,670 (December 31, 2017: $112,255) due to Gold Group and $106,575 (December 31, 2017: $95,550) owed to Mill Street. The balance due to Gold Group is collateralized by a deposit and the balance due to Mill Street is unsecured and due on demand. The amounts due do not bear interest.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended March 31, 2018	2017
Management fees	$ 10,500	$ 10,500
Salaries and benefits	917	982
	$ 11,417	**$ 11,482**

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk. The Company is not exposed to the risk related to the fluctuation of foreign currency rates.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to not be significant.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's equity investments are exposed to equity price risk due to the potentially volatile and speculative nature of the businesses in which the equity investments are held. The common shares held in Damara and Voyager are monitored by management with decisions on sale taken at Board level. A 10% decrease in fair value of the shares would result in a $375 increase or decrease in net loss and comprehensive loss.

(b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and equity investments. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or equity investments that are invested in asset-based commercial paper.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd)*

(c) 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's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At March 31, 2018, the Company had cash of $239,155 (December 31, 2017: $245,217) available to apply against short-term business requirements and current liabilities of $250,469 (December 31, 2017: $225,230). All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. All financial instruments at March 31, 2018 are carried at amortized cost, apart from the equity investments of $3,751 (December 31, 2017: $4,501), which is carried at fair value. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The statement of financial position carrying amounts for cash, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company has made the following designations of its financial instruments: cash measured at FVTPL, equity investments measured at FVOCI, and receivables, accounts payable and accrued liabilities and due to related parties measured at amortized cost.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices 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).

The equity investment for Damara is based on a quoted price and is therefore considered to be Level 1.

The equity investment in Voyager was recorded at fair value when it was received and assessed for impairment as at March 31, 2018 and December 31, 2017. This investment is considered to be Level 3.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing capital resources and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during the year. As at March 31, 2018, the Company is not subject to any externally imposed capital requirements. The Company does not expect its capital resources to be sufficient to cover its corporate operating costs and future exploration expenditures through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

14. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities. All of the Company's long-term assets and operations are in Canada.

(the "Company")

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Three Months Ended March 31, 2018

General

This interim Management's Discussion and Analysis ("Interim MD&A") supplements, but does not form part of, the unaudited condensed interim financial statements of the Company for the three months ended March 31, 2018. The following information, prepared as of May 18, 2018, should be read in conjunction with the Company's unaudited condensed interim financial statements for three months ended March 31, 2018 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following should be read in conjunction with the Financial Statements of the Company for the year ended December 31, 2017 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The March 31, 2018 financial statements have not been reviewed by the Company's auditors.

Additional information relevant to the Company's activities can be found on SEDAR at (www.sedar.com).

Forward-looking Information

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to the Company's plans for exploration of its properties; the sufficiency of the Company's cash position; and its ability to raise equity capital or access debt facilities. Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration;
- fluctuations in commodity prices, foreign exchange rates, and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;

- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions;

as well as those factors referred to in the "Risks and Uncertainties" section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matters;
- exploration activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Business of the Company

The Company is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of precious and base metals properties. In late 2017, Bruce Smith was appointed President and a Director of the Company, while Simon Ridgway remains as CEO and a Director. Mr. Smith is focusing his efforts towards actively seeking prospective projects for acquisition by the Company, as well as possible joint ventures or other transactions for the Company's Rivier Property described below.

In March and April 2018, the Company completed a restructuring of its Yukon property portfolio by selling or joint venturing its properties other than the Rivier claims.

Rivier Property

The Company has held a 100% interest in 16 Rivier claims for some years, and until late 2017, had an option to acquire an additional 100 Rivier claims. In April 2018, the Company entered into an agreement (the "Rivier and Sixty Mile Agreement") with the owner (the "Rivier Owner") of the 100 Rivier claims, to acquire such claims in consideration for transferring to the Rivier Owner 63 of the Company's Sixty Mile claims, agreeing to make annual advance royalty payments of $10,000 to the Rivier Owner commencing in April 2020, and granting to the Rivier Owner a 2% net smelter return royalty. As a result of the Rivier and Sixty Mile Agreement, the Rivier Property currently consists of 116 claims owned by the Company and which are in good standing until 2024.

The Rivier claims are located 90 kilometres southeast of Ross River, Yukon and are targets for lode gold mineralization of the Motherlode type. Geochemical results from soil sample programs identified three zones of anomalous gold values adjacent to a structurally controlled ultramafic body indicating the potential for significant gold mineralization. Each of the three zones includes at least one soil sample that contained over 2 grams per tonne gold.

Qualified Person: Bruce Smith, M.Sc., M.Eng., a member of the Australian Institute of Geoscientists, is the Company's Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this Interim MD&A.

Quarterly Information

The following table provides quarterly information for the eight fiscal quarters ended March 31, 2018:

Quarter Ended	Mar. 31, 2018 ($)	Dec. 31, 2017 ($)	Sep. 30, 2017 ($)	Jun. 30, 2017 ($)	Mar. 31, 2017 ($)	Dec. 31, 2016 ($)	Sep. 30, 2016 ($)	Jun. 30, 2016 ($)
Exploration expenditures	-	7,602	-	-	-	260	-	-
General and administrative expenses	31,493	40,259	26,774	24,773	31,219	46,734	26,442	29,211
Net income (loss)	(31,493)	2,139	(26,774)	(24,773)	(31,219)	(124,018)	(26,442)	(29,961)
Basic and diluted income (loss) per share	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

The net loss for the quarter ended December 31, 2016 is higher than all other quarters presented due to a write-down in that quarter of $77,024 on exploration and evaluation assets. The net income for the quarter ended December 31, 2017 was a result of the reversal of impairment of exploration and evaluation properties of $50,000. Exploration expenditures for the quarter ended December 31, 2017 were mostly related to the investigation of new property opportunities.

Results of Operations

Quarter ended March 31, 2018

The quarter ended March 31, 2018 had a net loss of $31,493, compared to $31,219 for the quarter ended March 31, 2017. The net losses for both the current and comparative quarters consisted of general and administrative expenses. There were no exploration expenditures in either the current or comparative quarters. While most general and administrative costs for the current and comparative periods were similar, there was an increase of $1,765 in salaries and benefits for the current period which was partially offset by a decrease of $1,566 in office and administrative costs.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. The Company does not have any commitments and no longer has option agreements relating to the Rivier property that had cash and share payments scheduled to be paid and received.

As at March 31, 2018, current assets were $294,473 of which $239,155 was cash, $3,751 was the fair value of equity investments (formerly called available-for-sale investments), and $50,003 was the carrying value of exploration and evaluation assets that were disposed of subsequent to March 31, 2018 and therefore reclassified as assets held for sale as of March 31, 2018. Current liabilities were $250,469, resulting in working capital of $44,004. The current liabilities balance includes $233,245 that has been accrued over several quarters and is owing to related parties. The Company's last private placement to raise funds was in 2015 for $250,000. Issued in this private placement were 5,000,000 share purchase warrants with an exercise price of $0.05 per share, of which all were exercised during the 2017 fiscal year for proceeds of $250,000. Subsequent to March 31, 2018, the Company received proceeds of $50,000 upon the sale of its Scarlet East and Face properties. Current funds are being used for new project investigations and for general working capital purposes.

The Company has primarily funded its operations through the issuance of equity financing. The Company does not expect its capital resources to be sufficient to cover its corporate operating costs and future exploration expenditures through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity.

Related Party Transactions

There were no significant related party transactions during the current period. See Note 10 of the condensed interim financial statements for the three months ended March 31, 2018 for details of related party transactions which occurred in the normal course of business.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Options

As at May 18, 2018, the Company had 20,098,858 common shares issued and outstanding and the following share purchase warrants and incentive stock options are currently outstanding:

STOCK OPTIONS

No. of options	Exercise price	Expiry date
245,000	$0.75	July 19, 2022

Accounting Policies and Basis of Presentation

The Company's significant accounting policies and future changes in accounting policies are presented in the audited financial statements for the year ended December 31, 2017. The following outlines the new accounting standard adopted by the Company effective January 1, 2018:

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. The change did not result in a change in carrying value of any of our financial instruments on transition date. The adoption of the ECL impairment model did not have an impact on the Company's condensed interim financial statements. IFRS 9 does not require restatement of comparative periods. Accordingly, the Company has reflected the retrospective impact of the adoption of IFRS 9 due to the change in accounting policy for equity investments as an adjustment to opening components of equity as at January 1, 2018.

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	January 1, 2018	
	IAS 39	**IFRS 9**
Financial Asset		
Cash	Fair value through profit or loss ("FVTPL")	FVTPL
Receivables	Amortized cost	Amortized cost
Equity investments	Fair value through other comprehensive income ("FVOCI")	FVOCI
Financial Liability		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The Company's equity investments consist of equity securities. For equity securities not held for trading, the Company may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Company elected to designate its equity securities as financial assets at FVOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be recycled into income (loss) upon disposition. As a result of this change, the Company reclassified $56,749 of impairment losses recognized in prior years on equity securities which continue to be held by the Company as at January 1, 2018 from opening deficit to accumulated other comprehensive income. As a result of adopting IFRS 9, the net change in fair value of the equity securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to profit or loss in the Statements of Loss and Comprehensive Loss.

The adoption of IFRS 9 has not had a significant impact on the Company's policies related to financial assets of cash and receivables and financial liabilities.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Political and Regulatory Risks

The Company is currently operating in Canada which has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company’s results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are considered low in Canada, the principal country of operation of the Company, but a change in social expectations could add new layers of risk to the viability of exploration and development properties.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.