

# **NICKEL ONE RESOURCES INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**For the three months ended March 31, 2018**

### **INTRODUCTION**

The management discussion and analysis of financial condition and results of operations (“MD&A”) focuses upon the activities, results of operations, liquidity and capital resources of Nickle One Resources Inc. (the “Company” or “Nickel One”) for the three months ended March 31, 2018. In order to better understand the MD&A, it should be read in conjunction with the unaudited financial statements and related notes for the three months ended March 31, 2018 and audited financial statements and related notes for the year ended December 31, 2017. The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and filed with appropriate regulatory authorities in Canada. This MD&A is current to May 28, 2018 and in Canadian dollars unless otherwise stated.

### **FORWARD LOOKING STATEMENTS**

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange (“TSX-V”) and applicable Canadian securities regulations. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)).

This MD&A has been prepared in accordance with the requirements of National Instrument 43-101, "Standards of Disclosure for Mineral Projects", and National Instrument 51-102, "Continuous Disclosure Obligations."

## **OVERVIEW**

Nickel One is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol “NNN” and is engaged in the exploration of mineral properties.

On February 23, 2016, Redline Resources Inc. (“Redline”) completed its share exchange transaction (the “Transaction”) between Tyko Resources Inc. (“Tyko”) and Redline, pursuant to which Redline acquired all of the issued and outstanding common shares of Tyko (being 13,036,966 common shares, the “Tyko Shares”) in exchange for the issuance of common shares of Redline on the basis of one common share of Redline for each of Tyko’s common shares outstanding. Upon completion of the Transaction, Redline changed its name to Nickel One Resources Inc. and Tyko became a wholly-owned subsidiary of the Company.

## **HIGHLIGHTS DURING THE THREE MONTHS ENDED MARCH 31, 2018**

### **FINANCING AND CORPORATE**

- On January 2, 2018, 100,000 warrants were exercised at a price of \$0.08 per share for gross proceeds of \$8,000. Accordingly, the related warrants reserves of \$7,500 was reallocated to capital stock from contributed surplus.
- On February 28, 2018, the Company completed the acquisition of 100% of Nortec Mineral Oy which owns the LK project pursuant to the Definitive Agreement. The Company paid Micron Waste Technologies Inc. (formerly Finore Mining Inc.) 5,000,000 common shares of Nickel One and 2,500,000 common share purchase warrants exercisable at \$0.12 for 24 months and on May 8, 2018, the Company issued 250,000 finder’s fee shares in connection with the acquisition.
- On April 27, 2018, the Company completed a non-brokered private placement of up to 6,820,000 units at a price of \$0.05 per unit for gross proceeds \$341,000. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.10 per share.

### **OPERATIONS**

On February 23, 2016, Redline completed the acquisition of Tyko which included its 100% owned Manitowadge Property in Ontario. Nickel One plans to review historic data in order to develop future exploration plans on the Manitowadge Property in Ontario. The Company expects to obtain financing in the future primarily through further equity financing to fund operations.

Nickel One’s loss from operations for the three months ended March 31, 2018 was \$193,702 or \$0.00 per common share (2017 - \$253,482 or \$0.01 per common share). Assets totaled \$825,772 as at March 31, 2018 (December 31, 2017 - \$146,529).

Nickel One is an exploration stage company and engages principally in the exploration and development of resource properties. The Company expenses all direct and indirect costs pertaining to exploration and evaluation of mineral properties in the period in which they are incurred. These direct exploration and evaluation expenditures include such costs as acquisition costs, materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation activities are expensed in the period in which they occur under another classification. As at March 31, 2018, \$nil was expensed under exploration and evaluation expenditures (December 31, 2017 - \$136,192). Details of the expense break-down are contained in Note 7 Exploration and Evaluation Expenditures in the financial statements.

## **EXPLORATION UPDATE**

### **Manitouwadge Property, Canada**

The Manitouwadge Property (the “Tyko Project”), acquired through the purchase of Tyko, is a nickel (Ni), copper (Cu), platinum-group element (PGE) project, comprising 71 unpatented mining claims, totalling 1,099 claim units covering 17 584 hectares. The mining claims are located in the Bigrock Lake and Olga Lake areas, and the townships of McGill and Shabotik, Thunder Bay Mining Division, Ontario, Canada.

There are two significant Ni-Cu-PGE showings or zones on the Tyko Project; the RJ and Tyko zones. These zones are separated by 2 km with a 10 km long interpreted ultramafic conduit structure that has strong potential to host additional Ni-Cu-PGE mineralization.

On March 8, 2016, the Company announced it would commence a diamond drilling program at the Tyko Project in order to confirm the orientation of known mineralization in the channel structures, extend the continuity of mineralization at the RJ and Tyko showings, and test additional targets, including the Bruce Lake Anomaly, an AeroTEM airborne geophysics anomaly. The diamond drilling program consisted of 14 drill holes, totalling 1,780 metres with five holes at the RJ zone (TK-16-001 to 005), six holes at the Tyko zone (TK-16-006 to 011), and three holes on the Bruce Lake Anomaly (TK-012 to 014). Final assay results from the diamond drilling program were reported on June 8, 2016.

The RJ Zone consists primarily of metamorphosed mineralized pyroxenite which has been intruded by later granitoid rocks. The mineralized pyroxenite contains abundant rip-up clasts of other mafic-ultramafic phases and clastic sediments indicative of an active feeder-type system. The mineralization is nickel-rich with an average Ni:Cu ratio of ~2:1 and a Pt:Pd ratio of ~1:1. Sulphides are typically disseminated to blebby with local patches of net-textured and semi-massive sulphide breccia.

The overall sulphide tenors of the Ni-Cu-PGE mineralization at the Tyko Property are very high. Previous analysis indicates tenors in 100% sulphide that average 13.0% Ni, 8.8% Cu, 6.6g/t PGE (Pt+Pd) at the RJ Zone and 12.9% Ni, 14.5% Cu, and 13.6g/t PGE at the Tyko Zone. The high tenor of the sulphide suggests a high value flotation concentrate could be generated from RJ- or Tyko-style mineralization. This indicates that even a disseminated sulphide deposit could potentially be economic and further supports the view that Nickel One’s 100% owned Tyko Project contains a fertile magmatic feeder system. The Company’s objective is to delineate this feeder system and ultimately develop mineral resources.

As at March 31, 2018, the Company has spent a total of \$1,210,140 on the Property since it was acquired by Tyko in 2010.

### **LK Project, Finland**

On January 31, 2017, the Company signed a Definitive Agreement with Micron Waste Technologies Inc. (“Micron”) (formerly Finore Mining Inc.) for the purchase of 100% interest in the Lantinen Koillismaa PGE-Cu-Ni project (“LK Project”) located in North-central Finland. The Agreement stipulated that the Company would pay Micron 5,000,000 common shares of Nickel One and 2,500,000 common share purchase warrants exercisable at \$0.12 for 24 months from the date of closing and contribute up to \$100,000 (\$80,000 contributed as at December 31, 2017) towards any future private placement planned by Micron to acquire a 100% interest in the project through the purchase of Nortec Minerals Oy (“Nortec”), the wholly-owned Finnish subsidiary of Micron. Nickel One will abide by all the underlying agreements with respect to ownership of the LK Project.

On February 28, 2018, the Company completed the acquisition pursuant to the Definitive Agreement. The Company paid Micron 5,000,000 common shares of Nickel One and 2,500,000 common share purchase warrants exercisable

at \$0.12 for 24 months and will issue 250,000 finder's fee shares in connection with the acquisition. Nickel One abided by all the underlying agreements with respect to ownership of the LK Project.

The LK Project is located in north central Finland approximately 60 km north of the company's exploration office in the village of Taivalkoski. The Property is situated about 130 km southeast of the town of Rovaniemi and 160 km northeast of the port city of Oulu and is accessed by major paved roads and local access on gravel or dirt roads.

The Project comprises two separate groups of registered and pending exploration permits totalling 3 845.1 hectares with two valid Exploration Permits and seven applied Exploration Permits. These exploration permits cover the structurally separated sections of the two mineral deposits.

The elements palladium, platinum, gold, copper, cobalt, and nickel are known to be present and have been analysed in drilling and surface sampling in the Property. The deposit type is a basal accumulation including PGE-Cu-Ni in the Koillismaa Layered Mafic Intrusion. This intrusion forms part of the 2.5-2.4 Ga Tornio-Näränkäväära Layered Intrusion Belt that runs roughly east-west across Finland and into neighbouring Russia.

On December 1, 2017, the Company filed a National Instrument 43-101 Technical Report relating to the LK Project, with an effective date of November 17, 2017.

## **REVIEW OF OPERATIONS AND FINANCIAL RESULTS**

### *Three-months period ended March 31, 2018*

The Company incurred a net loss of \$193,072, resulting in a loss per share of \$0.00. The loss was attributable to operating expenses of \$203,485 before considering interest income of \$413 and a gain on debt settlement of \$10,000.

### *Three-month period ended March 31, 2017*

The Company incurred a net loss of \$253,482, resulting in a loss per share of \$0.01. The loss was attributable to operating expenses of \$209,617 before considering interest income of \$371, realized loss on investments of \$3,327, and unrealized loss on investments of \$40,909.

### ***Exploration and evaluation expenditures***

The Company expenses all exploration costs as incurred. During the three months ended March 31, 2018, the Company expensed \$nil in exploration and evaluation expenditures (2017 - \$50,772).

### ***Operating expenses***

Operating expenses have decreased overall in comparison to previous period to maintain the ongoing costs of the business.

During the three months ended March 31, 2018, the Company reported a net loss of \$193,072 compared to a net loss of \$253,482 in the comparative quarter in 2017, a decrease in net loss of \$60,410. The decrease in net loss resulted from decreased exploration expenditures and share-based compensation but offsetting by increased in consulting and professional fees.

### ***Other income and expenses***

During the three months ended March 31, 2018, the Company incurred \$10,413 in other non-operating expenses. This was comprised of interest income of \$413, and a gain on debt settlement of \$10,000.

During the three months ended March 31, 2017, the Company incurred \$43,865 in other non-operating expenses. This was comprised of \$3,327 in realized loss on investment, \$40,909 in unrealized loss on investments, and \$371 in interest income.

As a requirement under IFRS, upon completion of the Transaction, the Company incurred \$1,695,063 in non-cash listing expense as the Tyko shareholders acquired Redline's public listing as a result of the transaction.

The amortization of flow-through premium liability relates to the requirement under IFRS to isolate the premium on flow-through shares issued. This is amortized over the period the flow-through funds are spent.

### **SELECTED ANNUAL FINANCIAL INFORMATION**

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2017, 2016, and 2015. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related notes thereon.

|                           | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|---------------------------|-------------|-------------|-------------|
| Current assets            | \$ 146,529  | \$ 187,784  | \$ 49,106   |
| Investments               | -           | 87,727      | 40,000      |
| Total assets              | 146,529     | 187,784     | 49,106      |
| Current liabilities       | 402,393     | 243,806     | 96,804      |
| Capital stock             | 5,087,594   | 4,783,288   | 2,120,948   |
| Reserves                  | 644,685     | 558,188     | 290,168     |
| Net income (loss)         | (625,245)   | (2,938,684) | (93,168)    |
| Deficit                   | (6,022,743) | (5,397,498) | (2,458,814) |
| Earnings (loss) per share | \$ (0.02)   | \$ (0.12)   | \$ (0.01)   |
| Weighted average shares   | 36,566,478  | 24,261,472  | 13,036,966  |

### **SUMMARY OF QUARTERLY RESULTS**

The following summary information is taken from the Company's quarterly and annual financial reports covering the last eight reporting quarters.

|   | Mar 31,<br>2018 | Dec 31,<br>2017 | Sep 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 | Sep 30,<br>2016 | Jun 30,<br>2016 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating expenses                          | \$(203,485)     | \$(179,096)     | \$(63,157)      | \$(166,972)     | \$(209,617)     | \$(214,473)     | \$(229,896)     | \$(421,651)     |
| Other income or (expense)                   | \$10,413        | \$12,212        | \$403           | \$24,847        | \$(43,865)      | \$7,213         | \$(17,292)      | \$44,630        |
| Net loss                                    | \$(193,072)     | \$(166,884)     | \$(62,754)      | \$(142,125)     | \$(253,482)     | \$(207,260)     | \$(247,188)     | \$(377,021)     |
| Basic and diluted earnings (loss) per share | \$(0.00)        | \$(0.00)        | \$(0.00)        | \$(0.00)        | \$(0.01)        | \$(0.01)        | \$(0.01)        | \$(0.01)        |
| Total assets                                | *\$825,772      | \$146,529       | \$123,726       | \$170,266       | \$168,658       | \$187,784       | \$211,863       | \$204,319       |
| Shareholders' equity (deficiency)           | \$458,024       | \$(255,864)     | \$(123,980)     | \$(61,226)      | \$(239,684)     | \$(56,022)      | \$(138,403)     | \$(92,723)      |
| Capital stock                               | \$6,037,781     | \$5,087,594     | \$5,157,894     | \$5,157,894     | \$4,783,288     | \$4,783,288     | \$4,157,627     | \$4,133,139     |
| Subscriptions receivable                    | -               | -               | -               | -               | -               | -               | \$10,000        | \$10,000        |
| Subscriptions received                      | -               | 35,000          | -               | -               | -               | -               | -               | -               |
| Reserves                                    | \$636,785       | \$644,685       | \$573,985       | \$573,985       | \$573,008       | \$558,188       | \$796,709       | \$727,188       |
| Deficit                                     | \$6,215,815     | \$6,022,743     | \$5,855,859     | \$5,793,105     | \$5,650,980     | \$5,397,498     | \$5,190,239     | \$4,943,050     |

\*Total assets significantly increased in March 31, 2018, due to the Company completing the transaction with Micron for the acquisition of 100% ownership of Nortec Mineral Oy and the LK project.

## LIQUIDITY AND CAPITAL RESOURCES

### Three months ended March 31, 2018

Cash decreased by \$8,525 during the three months ended March 31, 2018 from \$37,048 (2017 - increased by \$54,796 from \$746).

Cash used in operating activities during the three months ended March 31, 2018 was \$231,991 (2017 - \$21,127).

Cash used in investing activities for the three months ended March 31, 2017 was \$67,221 (2017 - \$21,673).

During the three months ended March 31, 2018, the Company generated cash proceeds of \$290,687 (2017 - \$54,250) from financing activities.

### Three months ended March 31, 2017

Cash increased by \$54,796 during the three months ended March 31, 2017 from \$746 (2016 - increased by \$371,638 from \$1,041).

Cash utilized in operating activities during the three months ended March 31, 2017 was \$21,127 (2016 - \$302,708).

Cash generated in investing activities for the three months ended March 31, 2017 was \$21,673 (2016 - \$nil).

During the three months ended March 31, 2018, the Company generated cash proceeds of \$54,250 (2016 - \$674,347) from financing activities.

### **Shareholders' equity**

At March 31, 2018, capital stock was \$6,037,781 comprised of 51,380,553 issued and outstanding common shares (2017 - \$4,783,288 comprised of 31,941,226 shares outstanding). Reserves which arise from the recognition of the estimated fair value of stock options and warrants was \$636,785 (2017 - \$558,188). As a result of the net loss for the three months ended March 31, 2018 of \$193,072 (2017 - \$253,482), the deficit at March 31, 2018 increased to \$6,215,815 from \$6,022,743 at December 31, 2017. However, shareholders' equity was \$458,024 as compared to shareholders' deficit of \$255,864 at December 31, 2017 which is primarily due to the Company issued shares for acquisition of mineral property during current period.

### **Loan receivable**

Upon completion of the Transaction, the Company acquired a \$13,629 loan receivable from Redline Minerals Inc. ("RMI") comprised of a principal balance of \$4,175 and accrued interest of \$9,454. The Chief Executive Officer of RMI was also the Chief Executive Officer of Redline prior to the completion of the Transaction. Interest is payable on the loan at the rate of 10% per annum and the principal plus interest is due at the earliest of twelve months following the first advance on May 4, 2012 under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereafter-acquired assets.

At March 31, 2018, the total outstanding amount of the loan plus accrued interest was \$17,020 (December 31, 2017 - \$16,611).

### **Investments**

The Company had an investment in common shares of Canadian International Minerals Inc. ("CIN") and Micron Waste Technologies Inc. ("MWM", formerly Finore Mining Inc). The fair value of the listed investment has been determined directly by reference to published price quotations in an active market. Realized and unrealized gains and losses are reflected in profit or loss.

In January 2017, the Company sold all CIN shares for net proceeds of \$21,673.

In November 2017, the Company sold all MWM shares for net proceeds of \$32,157.

### **Loans payable**

As at March 31, 2018, \$nil in loans payable remains outstanding (December 31, 2017 - \$27,000) and is non-interest bearing, unsecured and matured upon completion of the Transaction. The loan has been classified as a current loan on the statement of financial position. During the three months ended March 31, 2018, the Company paid off \$17,000 short-term loan in cash. Also, the Company negotiated a settlement of another outstanding loan of \$10,000 from prior periods and recognized a gain on forgiveness of debt.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the following common shares, options, and share purchase warrants were outstanding:

|                                      | Number of shares | Exercise price | Expiry date       |
|--------------------------------------|------------------|----------------|-------------------|
| Issued and outstanding common shares | 51,380,553       |                |                   |
| Share purchase warrants              | 413,750          | \$0.12         | October 12, 2018  |
| Share purchase warrants              | 1,863,565        | \$0.12         | December 5, 2018  |
| Share purchase warrants              | 1,157,000        | \$0.08         | April 12, 2019    |
| Share purchase warrants              | *2,243,315       | \$0.08         | June 21, 2019     |
| Share purchase warrants              | 2,500,000        | \$0.12         | February 28, 2020 |
| Share purchase warrants              | 3,360,000        | \$0.10         | March 19, 2020    |
| Stock options                        | 1,575,000        | \$0.15         | March 29, 2021    |
| Fully diluted                        | 64,493,183       |                |                   |

\*On January 2, 2018, 100,000 warrants were exercised at a price of \$0.08 per share for gross proceeds of \$8,000. Accordingly, the related warrants reversers of \$7,500 was reallocated to capital stock.

## COMMITMENTS

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12-month term at \$1,000 per month.

As of March 31, 2018, the Company had no material lease obligations or significant contractual obligations other than those associated with its loans payable.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

## FINANCIAL INSTRUMENTS

As at March 31, 2018, the Company's financial instruments consist of cash, sales tax receivable, loan receivable, accounts payable and accrued liabilities, loans payable and loans payable to related parties. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. The Company's investments, under the fair value hierarchy, are based on level one input.

### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. The Company's receivables consist of sales tax receivable due from the Government of Canada and Finland of \$11,208 (December 31, 2017 - \$3,235), and a loan receivable of \$17,020 (December 31, 2017 - \$96,611).

### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 11 of these financial statements. As at March 31, 2018, the Company had a cash balance of \$27,796 (December 31, 2017 - \$37,048) to settle current liabilities of \$367,748 (December 31, 2017 - \$402,393). The Company will need to raise sufficient funds to meet its obligations.

### *Other Market Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, silver and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **RELATED PARTY TRANSACTIONS**

### **Key management compensation**

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. Remuneration of key management includes the following:

|                              | Three months ended |         | Year ended        |        |
|------------------------------|--------------------|---------|-------------------|--------|
|                              | March 31, 2018     |         | December 31, 2017 |        |
| Salaries and consulting fees | \$                 | 106,000 | \$                | 84,000 |
| Share-based compensation     |                    | Nil     |                   | 11,606 |
| Total remuneration           | \$                 | 106,000 | \$                | 95,606 |

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

The balance payable to related parties as at March 31, 2018 was \$122,973 (December 31, 2017 - \$134,481) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

Loans payable to related parties as at March 31, 2018 consists of a \$3,500 (December 31, 2017 - \$3,500) loan from a former director and a director. The loan is non-interest bearing, unsecured and has no fixed terms of repayment.

### **Definitive acquisition**

On December 31, 2010, the Company entered into a Definitive Acquisition Agreement with certain shareholders (the Vendor). Under the terms of the agreement, the Company has the option to acquire certain surface and mineral rights subject to the following conditions:

- i. The Company issue common shares to the Vendor as follows:

|   |                                  |
|---|----------------------------------|
| Upon signing of the agreement December 30, 2010 | 3,000,000 common shares (issued) |
| On December 30, 2011                            | 3,000,000 common shares (issued) |
| On December 30, 2012                            | 3,000,000 common shares (issued) |

- ii. During the 109 day period ended December 31, 2010, the company issued 1,500,000 warrants to the Vendor to purchase one common share per warrant at the exercise price of \$0.10 per share. If there is a public unit offering of shares with included warrants in the Company's common stock, within 12 months prior of a stipulated anniversary payment, the Vendor shall receive an additional one-half share purchase warrant for each consideration share due at the particular anniversary date with an exercise price per share at the rate set in the public unit offering for the same time frame as offered to the public. During the year ended December 31, 2013, the 1,500,000 warrants expired unexercised.

iii. The Company incur exploration expenditures on the property within the following times:

|                            |                        |
|----------------------------|------------------------|
| Prior to December 30, 2011 | \$200,000              |
| Prior to December 30, 2012 | \$600,000 additional   |
| Prior to December 30, 2013 | \$1,000,000 additional |

As additional consideration for the sale of the property the Vendor shall receive a 3% net smelter return royalty, one-half of which may be purchased by the Company at any time for \$1,500,000.

Upon completion of the above conditions the title to the properties will be transferred to the Company. The Company may at any time let the option lapse by not meeting the above conditions. The Company may also accelerate any or all of the share consideration or exploration expenditures.

During the option period, the Company will have the sole and exclusive right to enter on and conduct mining on the properties provided the option is in good standing.

During 2011, 2012, and 2013, the Company did not meet the exploration expenditure requirement of \$200,000, \$600,000, and \$1,000,000 respectively; the Vendors waived the condition.

On January 21, 2015, the Company and Vendors agreed to the following acknowledgments pursuant to the Definitive Acquisition Agreement:

- The Company has not incurred the required exploration expenditures by December 31, 2013.
- The Vendors do not release the Company of its obligation to incur such exploration expenditures but do hereby waive the requirement for the Company to incur such exploration expenditures within the time frame set out.
- The Company shall be required to proceed diligently and to exercise its best efforts with respect to incurring the exploration expenditures required.

As at March 31, 2018, the Company has spent \$1,210,140 since the acquisition of the property by Tyko in 2010.

#### **Other transactions**

During the year ended December 31, 2016, the Company incurred \$10,000 in Transaction fees to the President. During the three months ended March 31, 2018, the Company negotiated a settlement of another outstanding loan of \$10,000 from prior periods and recognized a gain on forgiveness of debt.

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12-month term at \$1,000 per month.

#### **Subsequent events**

On April 27, 2018, the Company completed a non-brokered private placement of up to 6,820,000 units at a price of \$0.05 per unit for gross proceeds \$341,000. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of \$0.10 per share. The Company has closed the second tranche of the private placement and issued 100,000 units at a price of \$0.05 per unit for gross proceeds of \$5,000.

May 8, 2018, the Company issued 250,000 finder's fee shares at deem price \$0.045 with a fair market value in connection with the acquisition of Nortec Mineral Oy and the LK project.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 2017. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. Areas where estimates were used for the three months ended March 31, 2018 include the valuation of acquisition of mineral property transactions.

### **New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

## **RECENT DEVELOPMENTS AND OUTLOOK**

The Company expects to obtain financing in the future primarily through further equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its exploration and evaluation assets.

## **RISKS AND UNCERTAINTIES**

The Company recognizes that certain risks are inherent in its business plan, which requires the Company to manage its affairs to minimize the potential impact of such risks to its operations. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities. Please refer to the MD&A for the year ended December 31, 2017 for more detailed discussion of such risk factors.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions that should be disclosed.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its unaudited financial statements for March 31, 2018, that are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).