MARGARET LAKE DIAMONDS INC.

MANAGEMENT DISCUSSION AND ANALYSIS
MAY 31, 2018

1.1 Date

This Management Discussion and Analysis ("MD&A") of Margaret Lake Diamonds Inc. (the "Company") has been prepared by management as of September 24, 2018 and should be read in conjunction with the audited financial statements and related notes thereto of the Company for the years ended May 31, 2018 and 2017, which were prepared in accordance with International Financial Reporting Standards (IFRS). All financial data presented in the MD&A are prepared in accordance with IFRS and presented in Canadian dollars.

Forward Looking Statements

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's current and future expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of its airborne geophysical survey results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually explored and/or developed.

Forward-looking statements are based on a number of assumptions including, but not limited to, the assumptions about the availability of financing on reasonable terms for the Company's explorations projects, ability to fulfil its current and future commitments related to its option agreements and continue exploration and development of its mineral properties, as well as general and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors including, but not limited to, changes in commodity prices, results of exploration and development activities, regulatory changes, defects in titles, timeliness of government approvals and permits, availability of financing to continue in business. These risks and uncertainties may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Please also see section 1.8 Risk and Uncertainties.

The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

1.2 Overall Performance

The Company is an exploration stage company engaged in the acquisition and exploration of mineral resource properties located in Canada. The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on February 9, 2011.

Effective March 27, 2014, the Company changed its name to Margaret Lake Diamonds Inc., consolidated its issued and outstanding shares on a 2 old for 1 new basis, and changed its symbol to DIA.H.

On April 22, 2014, the Company received final approval from the TSX Venture Exchange (the "Exchange") for its Qualifying Transaction ("QT"). Pursuant to an assignment agreement dated March 14, 2014 (the "Assignment Agreement") with Harsbo Minerals Ltd. ("Harsbo"), the Company was granted the sole and exclusive option (the "Option") to acquire up to a seventy percent (70%) undivided interest in nineteen (19) mineral claims located in the Northwest Territories, Canada, known as the Margaret Lake Diamond Property (the "Margaret Lake Property"), which lies contiguous and to the north and west of Kennady Diamonds Inc.'s Kennady North Project. In consideration of the assignment of the Option, on closing the Company issued Harsbo 6,000,000 escrow shares, releasable under the terms of a value escrow agreement. As a result of closing the QT, the Company is no longer a Capital Pool Company, and has been listed as a "Tier 2" mining issuer on the Exchange trading under the symbol "DIA".

During fiscal 2015, the Company earned an initial 60% interest in the Margaret Lake Property. To earn its 60% interest, the Company was required to make cash payment in lieu of filing assessment work in 2013 and incur not less than $1,000,000 in expenditures by October 13, 2014. The Company has exceeded the first year expenditure requirement, having undertaken ground till sampling, an airborne geophysical survey and bathymetry analysis on the Margaret Lake Property.

On July 6, 2015, the Company entered into a Mineral Property Transfer Agreement ("Transfer Agreement") with Margaret Lake Diamonds Ltd. ("MLDL"), under which it has acquired the remaining 40% interest in the Margaret Lake Property through the issuance of 6 million shares to MLDL. As a result, the Company now holds a 100% undivided interest in and to the Margaret Lake Property with no ongoing work obligations and no royalties payable.

On November 7, 2016, the Company entered into an Option and Joint Venture Agreement ("JV Agreement") with Arctic Star Exploration Corp. ("Arctic Star"), under which it has acquired a 60% interest in 23 mineral claims totaling 18,699 hectares (the "Diagras Property") in the Northwest Territories, Canada comprising part of Arctic Star's former T-Rex Property. The Company has effectively exercised its option and earned the 60% interest in the property by making a payment of approximately $200,000 worth of bond and filing fees to the Government of the Northwest Territories, to obtain an extension of the 23 contiguous mineral claims comprising the Diagras Property. The Company formed a joint venture with Arctic Star (the "Diagras JV"). The Company and Arctic Star jointly explore the Diagras Property on a 60-40 joint venture basis, with the Company acting as operator.

Significant events and operating highlights for the year ended May 31, 2018 and up to the date of these MD&A:

- In June 2017, the Company completed a non-brokered flow-through private placement of 3,650,000 units at a price of $0.10 per unit, for aggregate gross proceeds of up to $365,000;
- In April and May 2018, the Company completed two tranches of its non-brokered flow-through private placement issuing a total of 4,714,308 units at a price of $0.13 per FT Unit, for gross proceeds of $612,860 and

a concurrent non flow-through private placement issuing 3,654,999 units at a price of $0.12 per NFT Unit for gross proceeds of an additional $438,600;

- In May and June 2018, the Company completed its 2018 drill program on the Margaret Lake Property. Please also see the Margaret Lake Property section below for further details of the 2018 drill program;
- In June 2018, the Company, as operator of the program, completed a ground exploration program on the Diagras Property. The program consisted of gravity, magnetic and electromagnetic (EM) ground surveys focused around historically identified kimberlites as well as other airborne geophysical anomalies with kimberlite like signatures. Please also see the Diagras Property section below for further details of the program;
- Both exploration projects were funded in part by significant grants from the Government of the Northwest Territories (GNWT) Mining Incentive Program (MIP);
- In fiscal 2018, the Company received an MIP grant of $36,601 for its Margaret Lake Property project; and
- In July 2018, the Company received an approval for the 2018-2019 MIP funding from GNWT that will cover up to 35% of eligible exploration costs incurred on its Margaret Lake and Diagras projects.

  The total value of the approved MIP funding is $251,615, of which
  - $140,000 contributes to the Margaret Lake Property diamond drill project; and
  - $111,615 contributes to the Diagras Property project.

  In August 2018, the Company received its first payment in the amount of $213,873, which equals to 85% of the total MIP funding. The final payment will be made after the Company submits the projects reports that are due by April 1, 2019.

Exploration Highlights and Objectives

Margaret Lake Property

The Margaret Lake Diamond Property is located 300 kilometers east-northeast of Yellowknife, Northwest Territories in the District of Mackenzie. The Property lies just 78 km north of the East Arm of Great Slave Lake and is bounded to the south by both the Kennady Diamonds and De Beers/Mountain Province Diamonds GahchoKué joint venture mining operations. The land package comprises nineteen (19) mineral claims totaling 48,720.2 acres or 19,716.37 hectares.

The Margaret Lake Property covers a portion of the southeastern Slave Geological Province, an Archean terrane ranging in age from 4.03 Ga to 2.55 Ga (Bleeker et al., 1999). The area consists of predominantly granitic to granodioritic intrusions, high-grade gneisses and migmatites, along with primarily sedimentary supracrustal rocks to the east.

The emplacement of kimberlite bodies in the area is believed to have occurred approximately 542 Ma during the Cambrian Period. 87Rb-87Sr geochronology indicates that the age of the 5034 pipe in the GahchoKué cluster is 542.2 ± 2.6 Ma (Heaman et al., 2003). Erosional processes since emplacement have had the significant effect of stripping the kimberlites down to their root zones, preserving only the hypabyssal and diatreme facies.

The Company has filed a Filing Statement dated April 16, 2014 in respect of the QT and a Technical Report dated March 27, 2014 by Gary Vivian, M.Sc.,P.Geo. on the Margaret Lake Property on SEDAR. The Company also filed an assessment reports with the Government of Northwest Territories to register the 2014-2017 work programs on the Margaret Lake Property.

The 2014-2015 exploration program on the Margaret Lake Property was designed to define potential kimberlite intrusive targets and consisted of the airborne gravity gradiometer ("AGG") survey using the HeliFalcon gravity gradiometer system over the entire Margaret Lake Property and Kirk Lake area. The survey encompassed approximately 4,932.7 line kilometers in total, flown at 75 metre line spacing to obtain high-definition gravity-gradiometry and magnetic gradiometry. The 12 high priority targets were selected from over 60 distinct gravity anomalies generated by the AGG survey. Targets were given priority based on anomaly strength, shape, and structural setting. Anomalies with favorable coincident magnetic and electromagnetic responses were assigned a higher priority, as were those in the vicinity of till derived indicator minerals from prior exploration surveys. A digital terrain model together with detailed bathymetric analysis, using WorldView2 high-resolution satellite imagery, has also been conducted for the Margaret Lake Property and Kirk Lake ground and applied to the gravity data.

The Company also completed a till sampling program taking 160 samples across the Margaret Lake Property. These samples have undergone processing for indicator mineral recoveries and analysis.

During the spring 2017 program, a combination of ground gravity and OhmMapper™ (ground electromagnetics) surveys were conducted over each of 9 priority ranked targets generated from the 2014 HeliFalcon™ airborne gravity gradiometer survey. Physical bathymetric surveys complemented the ground gravity surveys to allow for consideration of water column in data processing. Interpreted ground survey results have identified three promising targets, which display either a gravity low, bedrock conductor or a combination of both. In addition, a fourth target has been identified from historic ground work which also displays coincident gravity and electromagnetic responses.

The Company has regulatory approval for drilling, camp construction and associated exploration activities on the Margaret Lake Property. In May 2015, the Company obtained a Type 'A' Land Use Permit from the Mackenzie Valley Land and Water Board. This permit is effective for 5 years through to May 2020. During the year ended May 31, 2018, the Company posted a security deposit of $48,000 with GNWT in relation to the Land Use Permit for conducting the 2018 Drill program on the Margaret Lake Property.

During the spring 2018 Drill program, the Company drill tested 5 separate targets at the Margaret Lake Property. No kimberlite was intersected. Each of the targets tested displayed either a ground gravity low, bedrock conductor, or combination of both. The following targets were drill tested as listed in the table below:

Anomaly	**Drill Hole**	**TD (metres)**	**Bearing/Dip Degrees**	**Comments Location**
ML-06	MLD-18-001	136	035/50	**579482 E, 7042260 N** 19m Overburden. Intersected broken and altered granite.
ML-051	MLD-18-002	40	225/-70	**591435 E, 7047461.1 N** Hole lost in overburden
ML-06	MLD-18-03	100	035/-70	**579721.5 E, 7042211.1 N** 22m of overburden, granite
ML-041	MLD-18-04	135	145/-50	**585787.2 E, 7048534.4 N** 17m Overburden, altered broken granite, minor granite breccia, mafic dyke.
ML-07	MLD-18-05	135	148/-60	**579063.8 E, 7041636.9 N** 5m of Overburden, broken Granite
ML-08	MLD-18-06	93	207/-55	**579708.4 E, 7032813.5 N** 9m of Overburden Gneiss

The altered and broken granite at targets ML-06 and ML-07 could indicate proximity to a kimberlite intrusion as similar conditions are observed in proximity to kimberlites elsewhere on the Slave craton. The ML051 gravity low anomaly is probably explained by the deep overburden. ML-07 and ML-08 targets geophysical signatures were not explained by the drilling. The Company also has a portfolio of untested targets remaining. The drilling campaign was greatly aided by utilizing the Kelvin Camp operated by Aurora Geosciences Ltd. and owned by Mountain Province Diamonds on the Kennady North project. The opportunity to use this facility saved the Company from building its own accommodations, for which Margaret Lake Diamonds is truly appreciative.

Marlin Property

On August 28, 2014, the Company signed a property option agreement with Canterra Minerals Corporation ("Canterra") (the "Marlin Property Option Agreement"), whereby the Company has been granted the right to acquire an aggregate of 49% right, title and interest in and to Canterra's Marlin Property (the "Marlin Property") in the Northwest Territories.

On September 15, 2016, the Marlin Property Option Agreement was terminated and the Company wrote-off acquisition and exploration costs of $639,686 incurred on the Marlin Property.

Kirk Lake

During the year ended May 31, 2015, the Company expanded its project to the north of the Margaret Lake Property by staking 4 additional claims ("Kirk Lake") and completed an airborne geophysical survey on these claims.

Diagras Property

On November 7, 2016, the Company entered into the JV Agreement with Arctic Star, pursuant to which the Company earned a 60% interest in the Diagras Property.

The Diagras Property is located in the prolific north-northeastern part of the Lac de Gras kimberlite field in the Northwest Territories, Canada, and comprises 23 mineral claims totaling 18,699 hectares. The Diagras Property comprising part of Arctic Star's original T-Rex Property consisting of 62 mineral claims totaling 54,000 hectares.

The Company earned its 60% interest in the Diagras Property by making a bond payment of $186,990 to the Government of the Northwest Territories in lieu of required exploration expenditures and a non-refundable filing fee of $4,675 to obtain extension of the mineral claims comprising the property.

During the year ended May 31, 2018, the Company received a cash refund of the $183,514 from GNWT of the bond deposit paid by the Company in 2016 in lieu of exploration expenditures on the Diagras Property. The Company had filed the work assessment report in fiscal 2018 to register its exploration programs on the property. The exploration activities performed by the Company in fiscal 2017 and 2018 were sufficient and eligible for the assessment credit.

The Company formed a joint venture with Arctic Star (the "Diagras JV") to jointly explore the Diagras Property on the 60-40 joint venture basis. The parties agreed that title to the Diagras Property shall be transferred to the Company and shall be held in trust in the name of "Margaret Lake Diamonds Inc." for each of the parties in proportion to their interests as adjusted from time to time.

In spring 2017, the Diagras JV partners completed a ground geophysical program at the Diagras property utilizing ground magnetics (129 line kilometers), ground gravity (23 line kilometers) and ground electromagnetics (22 line kilometers) techniques with the Company acting as the operator. The survey program was comprised of 11 separate geophysical surveys to further evaluate areas of known kimberlites as well as evaluate unresolved targets generated from public domain data.

Arctic Star contributed $240,000 towards exploration expenditures of the program, representing its 40% share of the estimated budgeted costs, of which $20,000 was returned to Arctic Star in August 2017.

Kimberlite and kimberlite like targets evaluated in the spring 2017 program.

Kimberlite or Target	Magnetics (Line Km)	Gravity (Line Km)	EM (Line Km)
Jack Pine	39.02	11.26	9.94
Black Spruce	20.02	11.57	-
Suzanne	18.55	-	-
HL-02	8.66	-	12.46
HL-55	8.13	-	-
Naomi	16.34	-	-
Kong (East / West)	18.72	-	-
	129.44	22.83	22.40

In June 2018, the Diagras JV partners completed a ground geophysical program at the Diagras Property that consisted of gravity, magnetic and electromagnetic (EM) ground surveys focused around historically identified kimberlites as well as other airborne geophysical anomalies with kimberlite like signatures. A total of 133 gravity stations, 152 line kilometers of magnetics and 11.2 line kilometers of OhmMapper survey were completed. The surveys targeted kimberlite intrusions and were designed to investigate areas proximal to known kimberlites as well as explore new target areas. Warm temperatures during the time of the surveys caused a rapid snow melt and flooding of the ice covered lakes. The conditions forced a premature end to the program leaving some of the planned target areas untested. This work is planned to be completed in 2019.

Drill targets identified of the surveys conducted at the Diagras Property this year, DG007, HL02 and Suzanne have emerged as interesting, drillable targets, showing evidence of multi-phase kimberlite complexes. The Company plans to drill test the referenced targets as well as generate more targets through an expanded ground geophysical and drill program in spring 2019.

At Suzanne, a combined EM and Gravity anomaly distinctly breaks a diabase dyke, with a separate magnetic low to the south. The Company has not located the previous drill holes, but it is likely they targeted either the EM or the magnetic anomaly, but not both. The anomaly is large enough (250m) to deserve more than one drill hole to search for different phases.

At HL02, two long angle holes from the shore line (the anomaly is in a lake) were targeted and completed within this kimberlite by the previous explorers. The magnetic signature in this area is complex, suggesting the possibility of untested phases. The partly completed EM survey conducted this year shows an EM anomaly associated with the kimberlite but not tested directly by previous drilling.

At the DG007 anomaly, previous explorers targeted a “classic” Lac de Gras, magnetic and EM anomaly. Two holes were drilled but failed to explain this anomaly, intersecting only granite. One of the drill collars has been found in the field and its position is displaced from that reported in assessment files, possibly due to GPS errors. Drilling to properly explain this target, which the Company believes is likely to be kimberlite, is required.

The following table summarizes the Company's exploration and evaluation asset expenditures:

Property:	**Margaret Lake**	**Marlin**	**Kirk Lake**	**Diagras JV**	**Total**
Acquisition Costs:					
Balance, May 31, 2016	$ 653,863	$ 115,353	$ 16,000	$ –	$ **785,216**
Additions:					
Cash payments	–	–	–	191,665	191,665
Common shares	765,000	–	–	–	765,000
Regulatory and legal costs	12,625	–	–	15,494	28,119
Write-off	–	(115,353)	–	–	(115,353)
Balance, May 31, 2017	1,431,488	–	16,000	207,159	**1,654,647**
Refund of exploration deposit	–	–	–	(110,108)	(110,108)
Balance, May 31, 2018	$ 1,431,488	$ –	$ 16,000	$ 97,051	**$ 1,544,539**
Deferred exploration costs:					
Balance, May 31, 2016	$ 1,058,957	$ 524,333	$ 144,843	$ –	$ **1,728,133**
Additions:					
Camp costs	16,875	–	–	148,272	165,147
Community consultations	4,000	–	–	–	4,000
Geology	10,847	–	–	41,065	51,912
Geophysics	109,964	–	–	214,461	324,425
Allocation to the JV partner	–	–	–	(161,068)	(161,068)
Write-off	–	(524,333)	–	–	(524,333)
Balance, May 31, 2017	1,200,643	–	144,843	242,730	**1,588,216**
Additions:					
Community consultations	8,304	–	–	12,457	20,761
Drilling	455,164	–	–	–	455,164
Geology	23,875	–	–	52,327	76,202
Geophysics	–	–	–	108,917	108,917
Assessment reports filing fees	4,185	–	–	4,725	8,910
MIP Grant received	(36,601)	–	–	–	(36,601)
Allocation to the JV partner	–	–	–	(71,391)	(71,391)
Balance, May 31, 2018	$ 1,655,570	$ –	$ 144,843	$ 349,765	**$ 2,150,178**
Exploration and evaluation assets:					
Balance, May 31, 2017	**$ 2,632,131**	**$ –**	**$ 160,843**	**$ 449,889**	**$ 3,242,863**
Balance, May 31, 2018	**$ 3,087,058**	**$ –**	**$ 160,843**	**$ 446,816**	**$ 3,694,717**

1.3 Selected Annual Information

For the year ended May 31,		2018		2017		2016
Interest income	$	–	$	–	$	–
Net Loss	$	(98,002)	$	(1,087,505)	$	(103,839)
Loss per share	$	(0.00)	$	(0.03)	$	(0.00)
Total assets	$	4,545,741	$	3,602,288	$	2,658,080
Total long term liabilities	$	Nil	$	Nil	$	Nil
Cash dividends declared per share for each class of share	$	Nil	$	Nil	$	Nil

The write-off of exploration and evaluation assets of $639,686 largely contributed to the increase in net loss during the year ended June 30, 2017 due to the termination of the Marlin Property option agreement with Canterra Minerals Corporation.

The increase in total assets in fiscal years 2016 to 2018 was a result of acquisition costs and exploration and evaluation expenditures incurred on the Margaret Lake and Diagras properties, which were capitalized as exploration and evaluation assets according to the Company's accounting policies.

1.4. Results of Operations

Years ended May 31, 2018 and 2017

During the year ended May 31, 2018, the Company reported a net loss of $98,002 or $0.00 per share as compared to a net loss of $1,087,505 or $0.03 per share in fiscal 2017, a decrease in loss of $989,503.

The decrease in net loss was a result of decreases in general and administrative expenses of $254,164, decrease in a gain on settlement of debt of $33,854, decrease in a write-off of exploration and evaluation assets of $639,686 and an increase in the amortization of flow-through premium liabilities of $129,507 (2017 - $Nil).

The significantly higher net loss reported in fiscal 2017 was due to the write-off of exploration and evaluation assets of $639,686 as a result of the termination of the Marlin Property option agreement with Canterra Minerals Corporation. The Company wrote-off $115,353 in acquisition costs and $524,333 in exploration costs incurred on the Marlin Property since August 2014. There were no impairment of exploration and evaluation assets recorded in fiscal 2018.

In fiscal 2018, the Company recorded the flow-through liabilities of $138,393 in connection with the June 2017, April 2018 and May 2018 flow-through private placements. The Company incurred eligible exploration expenditures of $365,000 equal to the total amount of the gross proceeds raised in June 2017 flow-through private placement, which were renounced to the flow-through subscribers for calendar 2017. In addition, the Company incurred $497,340 of the eligible exploration expenditures associated with the April-May 2018 flow-through private placements commitments. As a result, the Company amortized the flow-through premium liabilities proportionally to the incurred exploration expenditures and recorded a gain of $129,507 in the statement of comprehensive loss in fiscal 2018.

In fiscal 2017, the Company negotiated a debt settlement with its former legal advisor and recorded a gain of $33,854 recorded on the settlement. There were no similar transactions in fiscal 2018.

Total general and administrative expenses decreased by $254,164 during the year due to decreases in consulting fees of $55,973, marketing expenses of $40,315, office and administration of $4,054, office rent of $3,000, regulatory fees of $447, stock-based compensation of $150,323 and transfer agent fees of $1,697, partially offset by increases in professional fees of $801 and travel expenses of $844.

Consulting fees decreased by $55,973 as there were less consulting services retained during the year. In fiscal 2018, the Company recognised consulting fees of $18,688 for business development consulting and capital market advisory services provided from June to September 2017 pursuant to the agreements signed in the prior fiscal year. There were no new business development consulting arrangements during the year. Fees of geological consultants that the Company retains for its exploration projects are capitalized as Exploration and Evaluation Assets. The Company also recorded corporate consulting fees of $6,000 (2017 - $Nil) to a company controlled by the VP of Exploration of the Company (please also see 1.9 Transactions with related parties).

Marketing expenses decreased by $40,315 as there were less marketing activities conducted during the year as compared to fiscal 2017. The marketing activities were conducted to increase awareness of the Company's activities and its current exploration programs.

Office expenses decreased by $4,054 primarily due to a reduction of design costs on presentation materials and website.

Office rent decreased by $3,000 as a result of the cancellation of the rental of office premises pursuant to the administrative services agreement effective March 1, 2018 (please also see 1.9 Transactions with related parties). There were no changes in administrative services fees during the comparative years.

Stock-based compensation expense decreased by $150,323 as there were less stock options granted during the year. The Company recognizes compensation expense for all share options granted, using the fair value based method of accounting and any cash paid on the exercise of stock options is added to the stated value of common shares. In fiscal 2018, $41,548 (2017 - $191,871) in stock-based compensation expense was recorded for 600,000 stock options granted (2017 – 1,075,000) to two directors and consultants of the Company, 50% of which vested during the year.

Transfer agent fees decreased by $1,697 compared to fiscal 2017, when additional services were provided in connection with the accelerated exercise of warrants and share issuances for acquisition of the remaining 40% interest in Margaret Lake Property.

Travel expenses were incurred by a geological consultant for attending the Yellowknife 2017 Geoscience Forum in the NWT.

Three months ended May 31, 2018 and 2017

During the three months ended May 31, 2018, the Company reported a net loss of $92,802 or $0.00 per share as compared to a net loss of $118,471 or $0.00 per share in fiscal 2017, a decrease in loss of $25,669.

The decrease in loss was primarily due to a gain of $38,257 as a result of partial amortization of the flow-through premium liability, offset by increases in general and administrative fees of $12,588.

The increase in general and administrative expenses during the fourth quarter of fiscal 2018 was due increases in marketing expenses of $37,662 and professional fees of $3,065, offset by decreases in consulting fees of $12,492, office costs of $850, regulatory fees of $100, rent expense of $3,000, stock-based compensation expense of $11,569 and transfer agent fees of $128.

The higher marketing expenses in the last quarter of fiscal 2018 were incurred in connection with the private placements to increase awareness of the Company's activities and its current exploration projects.

1.5 Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the last eight reported quarters.

Quarter ended	Interest Income	Loss	Loss per share
May 31, 2018	$ –	$ (92,802)	$(0.00)
February 28, 2018	–	(18,928)	(0.00)
November 30, 2017	–	(28,723)	(0.00)
August 31, 2017	–	42,451	0.00
May 31, 2017	–	(118,471)	(0.00)
February 28, 2017	–	(65,710)	(0.00)
November 30, 2016	–	(280,527)	(0.01)
August 31, 2016	–	(622,797)	(0.02)

Quarter End Period	**Variance Analysis**
May 31, 2018	Higher loss due to stock-based compensation of $41,548 recorded in connection with the 600,000 options granted in May 2018, higher marketing expenses of $49,662 and accrued professional fees of $12,000 for the year-end audit.
August 31, 2017	Gain resulted from the amortization of the flow-through premium liability of $91,250 associated with the June 2017 flow-through private placement as a result of the Company fully incurring the required exploration expenditures, offset by increases in consulting fees and marketing expenses.
May 31, 2017	Higher loss due to stock-based compensation recorded on the final vesting of options granted in October 2016, plus increase in consulting fees and marketing expenses.
November 30, 2016	Higher loss due to stock-based compensation for the options granted in October 2016, as well as increases in corporate advisory consulting fees and marketing expenses.

August 31, 2016	Higher loss due to the write-off of exploration and evaluation assets of $639,686 recorded as a result of termination of the Marlin Property option agreement, offset by a gain on the debt settlement of $33,854 with the Company's former legal advisor.

1.6 Liquidity and Capital Resources

At May 31, 2018, the Company reported a working capital of $495,291 compared to a working capital of $42,502 at May 31, 2017, representing an increase in working capital by $452,789. The increase in working capital was a result of proceeds from the private placements completed during the year.

Net cash increased by $182,247 from $293,721 at May 31, 2017 to $475,968 at May 31, 2018. In fiscal 2018, the Company utilized its cash as follows:

(a) $122,645 (2017 - $450,252) was used in operating activities, consisting primarily of general and administrative expenditures and changes in non-cash items;

(b) $607,170 (2017 - $386,354) was spent for exploration expenditures on the Margaret Lake and the Diagras Property projects;

(c) a cash refund of the $183,514 (2017 - $Nil) was received from GNWT of the bond deposit paid by the Company in 2016 in lieu of exploration expenditures on the Diagras Property. The Company had filed the work assessment report in fiscal 2018 to register its exploration programs on the property. The exploration activities performed by the Company in fiscal 2017 and 2018 were sufficient and eligible for the assessment credit;

(d) $20,000 was paid back to Arctic Star as a return of the JV partner contribution (2017 – receipt of the JV partner contribution of $240,000);

(e) $73,406 (2017- $Nil) of the refunded bond deposit was allocated to Arctic Star based on its proportionate interest in the Diagras JV;

(f) $71,391 (2017 – $161,068) of the exploration expenditures incurred on the Diagras Property was allocated to Arctic Star based on its proportionate interest in the Diagras JV;

(g) a receipt of the MIP grant of $31,111 (2017 - $Nil) that contributes to the Margaret Lake project expenditures incurred in fiscal 2018. The remaining balance of the MIP grant of $5,490 was and included in receivables as at May 31, 2018 and received in June 2018;

(h) $48,000 (May 31, 2017 – $Nil) was posted as a security deposit with GNWT in relation to the Land Use Permit for conducting 2018 Drill program on the Margaret Lake property;

(i) $1,137,660 (2017- $785,000) was received from the private placements, net of paid share issuance costs of $23,008 (2017 - $51,944), and the common stock subscribed of $Nil (2017 - $155,000); and

(j) $Nil (2017 - $35,000) was received from the exercise of share purchase warrants.

Current assets excluding cash as at May 31, 2018 consisted of sales taxes recoverable of $35,128 (2017 - $27,750), MIP grant receivable of $5,490 (2017 - $Nil), subscription receivable of $123,800 (2017 - $Nil) associated with the May 31, 2018 private placement and collected in June 2018, prepaid expenses of $26,033 (2017 - $37,954) and exploration advances of $136,605 (2017 - $Nil) for the Diagras Property geophysical program completed in June 2018.

Current liabilities as at May 31, 2018 consisted of trade and other payables of $220,080 (2017 - $237,991) consisting of exploration invoices of $68,020 (2017 - $217,846), share issuance costs payable of $90,962 (2017 - $Nil) associated with the May 2018 private placement and paid in June 2018, accrued liabilities of $12,600 (2017 - $18,893) and other trade payables of $48,498 (2017 - $1,252), due to related parties of $17,820 (2017 –$Nil), the remaining unspent balance of the JV partner contribution of $60,947 (2017 - $78,932) and the flow-through premium liability of $8,886 (2017 - $Nil).

The flow-through premium liability does not represent cash liability to the Company; it was recorded in connection with the May 2018 private placement and will be fully amortised when the Company incurs required eligible exploration expenditures.

To date, the other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants, as listed in *1.15 Other Requirements – Summary of Outstanding Share Data*. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised.

The Company has not yet realized profitable operations to date and has relied on equity and convertible debt financings to fund its operations and exploration activities. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

The financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. The Company has a history of operating losses with no operating revenue and has an accumulated deficit of $1,953,780 at May 31, 2018 (2017 - $1,855,778).

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Risk and Uncertainties

The Company is engaged in the acquisition and exploration of mineral properties. These activities involve significant risks even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control.

The primary risk factors affecting the Company include the inherent risks in the mining industry and development business, environmental and health risks, regulatory constraints, economic or political conditions and commodities price fluctuation.

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral property. Mining activities also include risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability.

It is not possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the mineral properties the Company is investigating will be economically viable for development and production.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk refers to the counterparty will default on its contractual obligation resulting in financial loss to the Company. The Company's primary exposure to credit risk is on its cash deposit that are held by a Canadian bank. While there is concentration of risk holding all funds with one institution, this risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at May 31, 2018, the Company has cash deposits of $475,968 (2017 - $293,721).

The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist of sales taxes recoverable and the MIP funding receivable. Management assesses credit risk of cash and receivables as low.

In June 2018, the Company collected all subscriptions receivable of $123,800 from the subscribers of the private placements that were closed on May 31, 2018.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rate. The income earned on the bank account is subject to the movements in interest rates. The fair value of cash deposits is relatively unaffected by changes in short term interest rates. A 1% change in interest rates will not have a material effect to the Company.

Liquidity and funding risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company management ensures that there is sufficient capital in order to meet annual business requirement, taking into account administrative costs, property commitments and exploration budgets.

As at May 31, 2018, the Company had cash of $475,968 (2017 -$293,721), and current liabilities of $307,733 (2017 - $316,923).

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

1.9 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

On May 1, 2014, the Company entered into a rent and administrative services contract with Varshney Capital Corp. ("VCC"), a company partially controlled by a former director of the Company, Peeyush Varshney, pursuant to which the Company is obligated to pay $3,000 per month plus taxes for administrative services and $1,000 per month plus taxes for office premises. The agreement can be terminated with 1 month notice after a term of 3 years. Mr. Varshney resigned from the Board of Directors effective June 13, 2017.

Effective March 1, 2018, the rental of office premises pursuant to the administrative services agreement with VCC for a monthly fee of $1,000 has been cancelled. VCC will continue to provide administrative services as per the agreement at $3,000 per month.

During the year ended May 31, 2018:

a. the Company paid $36,000 (2017 - $36,000) for administrative services and $9,000 (2017 - $12,000) for office rent to VCC;
b. the Company accrued $13,500 (2017 - $Nil) for geological consulting services to a company controlled by the VP of Exploration of the Company;
c. the Company's director and CEO subscribed for 1,000,000 units at a price of $0.10 per unit under the private placement completed in June 2017; and
d. the Company granted an aggregate of 300,000 stock options (2017 – 675,000) to certain directors of the Company. The options are exercisable at $0.14 per common share for a five year term with vesting terms over a six month period from the date of grant. The estimated fair value of the vested options of $21,009 was recognized as share-based compensation expense in fiscal 2018.

As at May 31, 2018, $14,175 (2017 - $Nil) was due to Lithosphere Services Inc., a company controlled by the VP of Exploration of the Company. The amount was paid subsequent to May 31, 2018.

As at May 31, 2018, $3,646 (2017 - $Nil) was due to the CEO and President of the Company for expense reimbursements. The amount was paid subsequent to May 31, 2018.

During the year ended May 31, 2017, the Company issued 6,000,000 common shares of the Company to MLDL, a company controlled by a former director Mark Thompson, in consideration of the remaining 40% interest in the Margaret Lake Property.

The Company is continuing to jointly explore the Diagras Property with Arctic Star, a company with a common director and officer, on a 60-40 joint venture basis.

1.10 Fourth Quarter and Subsequent Events

During the fourth quarter ended May 31, 2018, the Company:

- initiated two separate exploration programs on the Margaret Lake Property and the Diagras Property. Both programs were completed in June 2018;
- completed two tranches of its non-brokered flow-through private placement issuing a total of 4,714,308 FT units at a price of $0.13 per FT Unit, for gross proceeds of $612,860 and a concurrent non flow-through private placement issuing 3,654,999 NFT units at a price of $0.12 per NFT Unit for gross proceeds of an additional $438,600; and
- granted 600,000 incentive stock options to directors and consultants of the Company exercisable at $0.14 per share for a five year term.

Subsequent to the year ended May 31, 2018:

- the Company collected all subscriptions receivable of $123,800 from the subscribers of the private placements closed on May 31, 2018;
- the Company's application for a grant under the Mining Incentive Program ("MIP") of the NWT was accepted. The total value of the approved MIP funding for 2017-2018 is $251,615;
- the Company received first payment in the amount of $213,873 in August 2018, which equals to 85% of the total MIP funding. The final payment will be made after the Company submits the projects reports that are due by April 1, 2019;
- the Company entered into a consulting agreement for the provision of marketing and business development consulting services to the Company. The contract term is for 12 months effective June 1, 2018. Under the terms of the contract, the Company agreed to pay $100,000 plus GST for the services, $50,000 of which was paid in advance; and
- 1,930,000 share purchase warrants granted to the subscribers and the brokers of the June 2017 private placement and exercisable at $0.15 per share expired unexercised on June 13, 2018.

1.11 Proposed Transactions

The Company does not have any proposed transactions other than as disclosed elsewhere in this document.

1.12 Critical Accounting Estimates

Not applicable to Venture Issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 2 of the audited financial statements of the Company, as at and for the year ended May 31, 2018.

New accounting standards and interpretations

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective. The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

- IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB on July 24, 2014 and will replace IAS 39, Financial instruments: recognition and measurement ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

- IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

- IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments are as follows. Unless otherwise disclosed their carrying values approximate their fair values due to the short term nature of these instruments.

	Loans & receivables	*Available for sale*	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets				
Cash	$ –	$ –	$ 475,968	$ –
Financial liabilities				
Trade payables	–	–	–	220,080
Due to related parties	–	–	–	17,820
Contribution from the JV partner	–	–	–	60,947
	$ –	$ –	$ 475,968	$ 298,847

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

There were no transfers between levels during the year ended May 31, 2018.

1.15 Other Requirements

Summary of Outstanding Share Data as of September 24, 2018:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding:	54,686,587
Stock options outstanding	2,050,000
Warrants outstanding	13,169,903

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Paul Brockington"

Paul Brockington, President and CEO