

MAGNUM GOLDCORP INC.

Management's Interim Discussion and Analysis

For the three months ended August 31, 2017

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Management's Interim Discussion and Analysis
August 31, 2017

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's interim discussion and analysis ("MD&A"), prepared as of October 16, 2017. This MD&A should be read in conjunction with the unaudited Interim Financial Statements for the three months ended August 31, 2017, the Company's audited Financial Statements and the accompanying notes for the year ended May 31, 2017, and the MD&A, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Forward looking statements

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", "forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

Magnum Goldcorp Inc. (the "Company") was incorporated under the Alberta Business Corporations Act on April 4, 2011. On July 25, 2014, the Company continued into the Province of British Columbia under the provisions of the Business Corporations Act (British Columbia). The Company is primarily engaged in the acquisition and exploration of mineral resource properties and currently trades on the TSX Venture Exchange under the symbol "MGI".

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EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and the development of a mineral property, the potential for production on the property may be diminished or negated.

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company has entered into agreements to acquire, explore and develop certain mineral properties located in various regions of Canada. Numerous aboriginal groups are claiming inextinguishable aboriginal title to the lands and resources in these regions, which may include one or more of the mineral claims beneficially owned by the Company. The extent to which any successful aboriginal claim would materially affect the ability of the Company to exploit its mineral properties is not determinable at this time.

Exploration Programs

A summary of the Company's current exploration programs is set out below, however, for additional information and details regarding such matters, reference is made to the Company's news releases and related filings that can be viewed on www.sedar.com.

The technical information regarding the Company's currently active projects referred to herein has been reviewed and approved by Rick Walker, P. Geo., who was acting as the Company's Qualified Person, in accordance with regulations under NI 43-101. With respect to the technical information disclosed prior to Rick Walker becoming the Company's Qualified Person, such technical information was reviewed and approved by John Kowalchuk, Bsc., P. Geo, and/or Gordon Gibson, P. Geo.

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The Company's expenditures on exploration and evaluation assets are as follows:

	LH Property
Balance, May 31, 2016	\$ 2,682,268
Deferred costs:	
Additions during the year:	
Acquisitions and staking	1,530
Accommodations	1,467
Equipment rental	1,550
Field office expenses	177
Geological and labour	10,326
Storage	3,600
Travel	179
Mining tax credit	(861)
Net additions for the year	<u>17,968</u>
Balance, May 31, 2017	<u>2,700,236</u>
Deferred costs:	
Additions during the period:	
Acquisitions and staking	403
Geological and labour	2,214
Storage	928
Net additions for the period	<u>3,545</u>
Balance, August 31, 2017	\$ <u>2,703,781</u>

LH Property

By way of background, International Bethlehem Mining Corp. ("IBC") acquired 19 crown-granted mineral claims in the Slocan Mining Division, British Columbia (the "LH Property"). The vendors retained a 1% net smelter return ("NSR") royalty. Once royalties of \$350,000 have been paid, the NSR royalty will reduce to 0.5%. IBC also acquired 4 mineral claims near Silverton in the Slocan Mining Division, British Columbia (the "Willa Property"). The vendors retained a 1% NSR. Once royalties of \$500,000 have been paid, the NSR royalty will reduce to 0.5%. The Company subsequently staked 3 additional mineral claims in the area surrounding the Willa Property. The LH Property and the Willa Property are adjacent properties ("collectively the "LH Property").

The Company entered into an Option Agreement, dated September 6, 2012 (the "Option Agreement") with IBC, pursuant to which the Company was granted an option to acquire a 51% interest in IBC's LH Property. Under the Option Agreement, the Company agreed to pay IBC \$100,000 (paid) following the date (November 12, 2013) when the Exchange accepted the Option Agreement (the "Effective Date"). Additionally, the Company was required to incur expenditures on the Property totalling \$500,000 (\$250,000 by the first anniversary of the Effective Date (completed)) and an additional \$250,000 by the second anniversary of the Effective Date (completed). As well, the Company will be required to issue 3,000,000 shares to IBC (1,000,000 shares by the first anniversary of the Effective Date (issued December 1, 2014); an additional 1,000,000 shares by the second anniversary of the Effective Date (issued November 9, 2015); and an additional 1,000,000 shares upon the LH Property receiving a bankable feasibility report on or before 10 years after the option has been earned in). As a condition to the Company performing its obligations under the Option Agreement, IBC was required to incur between \$100,000 to \$150,000 in exploration expenditures on the LH Property (completed). The Company and IBC have certain directors in common.

The Company entered into a purchase agreement (the "Purchase Agreement") dated February 24, 2015, with IBC and Cobra Venture Corporation ("Cobra"), pursuant to which the Company agreed to sell and Cobra agreed to purchase one half (25.5%) of the Company's 51% option interest in the LH Property owned by IBC in exchange for a \$300,000 payment (received). The

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Company was required to spend \$200,000 to complete certain expenditures on the LH Property (completed) and was required to use reasonable commercial efforts to fulfil its obligations under the Option Agreement such that the option becomes exercised. As of November 13, 2015, the Company advised Cobra that the Option with IBC had been exercised and accordingly, Cobra has acquired a 25.5% interest in the LH Property and a joint venture has been formed between the Company, IBC and Cobra. The Company and Cobra have certain directors in common.

On December 17, 2015, Cobra, IBC, and together with the Company (the "Parties") entered into a non-binding letter of intent (the "LOI") pursuant to which the Company has indicated its intention to acquire (the "Proposed Acquisition") all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"). The Parties anticipate that the consolidation of interest in the LH Property by the Company will enhance the Company's ability to secure financing to further develop the LH Property, while allowing Cobra and IBC to focus on their other respective assets. On March 1, 2016, the Parties entered into an asset purchase agreement (the "LH Property Agreement"), with respect to the acquisition by the Company of all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"), which was subject to shareholder and TSX Venture Exchange approvals. On April 27, 2016, the Parties announced that all conditions and approvals for the LH Property Transaction had been met, and therefore, the Parties had closed the transaction (with the Company issuing 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to IBC (collectively, the "Magnum Shares") for their respective interests in the LH Property). As a result, the Company owns 100% of the LH Property. IBC distributed 17,026,427 of the Magnum Shares it received under the terms of the LH Property Agreement to its shareholders on a *pro rata* basis, which resulted in IBC shareholders receiving approximately 1.5 Magnum Shares for each share of IBC held. IBC retained the remaining 15,870,828 Magnum Shares to assist IBC in meeting its ongoing commitments and obligations and to enable IBC to participate, as a shareholder of Magnum, in the potential future value of the LH Property project. Cobra distributed all of the 17,120,000 Magnum Shares it received under the terms of the LH Property Agreement to its shareholders on a *pro rata* basis, which resulted in Cobra shareholders receiving approximately 1.08 Magnum Shares for each share of Cobra held. The return of capital of each of IBC and Cobra was approved by their respective shareholders.

On January 12, 2015, the Company announced assay results from its 2014 helicopter-supported drill program completed on the LH Property. The exploration drill program successfully tested magnetic anomalies identified from a ground geophysical survey completed in June/July 2014. Coincident Self-Potential ("SP") and Induced Potential ("IP") anomalies are associated with the magnetic trend. The objective of the drill program was to test for anomalous to elevated gold associated with the prominent magnetic trend, at locations associated with anomalous SP and IP responses. The first pad, from which drill holes LH14-26 and 27 were drilled, is located at the southern end of a linear trend of magnetic anomalies, coincident with both SP and IP anomalies identified previously. The pad is located on the western margin of the magnetic trend, with the two holes drilled to the east-southeast and east, respectively. The second pad is located approximately 280 m southeast and 80 m higher than pad 1, on the southeast margin of the magnetic trend. Drill holes LH14-28 and 29 were drilled to the west and northwest, respectively. For analytical results on the 2014 drill holes and additional information and details regarding the 2014 exploration drill program, see the Company's news release dated January 12, 2015. The objective of the 2014 drill program was to test the interpretation of an association between magnetic anomalies and the presence of pyrrhotite and, more importantly, associated gold. The program is considered to have been successful, with approximately 37.6% of the core returning gold values in excess of 0.1 gm/tonne and a further 5.5% returned gold values in excess of 0.5 gm/tonne. The results are interpreted to indicate a strong gold-bearing system associated with widespread silicification and calc-silicate alteration. Furthermore, increased pyrrhotite content, qualitatively based on visual estimates at this time, is associated with increased gold content. In addition, narrow intercepts of relatively high-grade gold (greater than 1 gm/tonne) may be indicative of high grade veins similar to those reported from the underground workings of the LH Mine. Therefore, there may be two gold-bearing targets requiring further evaluation: (1) gold associated with pyrrhotite and skarn-style alteration, and (2) gold-bearing quartz veins. The successful 2014 program utilized the existing road system to minimize reliance on helicopter-use and reduce the cost of the program. Subsequent drilling to test the stronger, more prominent magnetic anomaly associated with the Ridge Zone, will necessitate helicopter-supported drilling above the existing road network. Based on drilling and analytical results to date, the Company believes the results continue to confirm a potentially significant gold-bearing skarn target associated with the Ridge Zone.

On June 19, 2015, the Company provided an update on its "LH" gold exploration property (the "LH Property"). Specifically, the Company had announced that it had received an approved Mines Act Permit for its proposed 2015 field program. For 2015, the Company had proposed a two phase drill program in the upper Finland Creek basin. The Phase I drill program will target high grade gold mineralization previously identified in the LH underground workings. Phase II will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. The current drill program will consist of approximately 800 metres of helicopter-supported diamond drilling to make an initial test of an interpreted steeply dipping mineralized zone. Oriented approximately east-west, the high grade, gold-bearing mineralized zone was interpreted based on work, including underground chip sampling and

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diamond drilling, completed in 1985 on behalf of Noranda Exploration Co. Ltd. The first hole to be drilled will be an inclined hole drilled north from surface, from a pad located above and south of the LH workings. Additional holes are proposed from a second pad north of the underground workings, drilled to the south as either a vertical and/or horizontal fan to further develop and test the mineralized zone.

On July 6, 2015, the Company announced that it had completed Phase 1 of its helicopter-supported drill program on the LH gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Company completed 11 drill holes at one setup location for a total of approximately 675 metres of BTW core. The program was initiated to target high grade gold mineralization previously identified in the LH underground workings. A Phase II program (planned for the Fall of 2015) will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone. Core from drill hole LH-15-30 was split in its entirety, with sampling in subsequent holes limited to mineralized intervals having approximately 2% pyrrhotite over greater than 1 metre. Sampling of the remainder of the holes has been postponed to a later date. Drill core has been split at approximately 1 metre intervals. Samples will be submitted to AGAT Laboratories in Burnaby, BC for analysis. Assay results will be reported by the Company when received and reviewed. By news release dated May 29, 2015, the Company announced its intention to proceed with a non-brokered "flow through" private placement. As Magnum has now completed Phase 1 of its exploration program from funds previously raised, the Company has elected to defer raising any flow through funds until such funding is needed for exploration expenditures that would qualify as such in accordance with the requirements of the Income Tax Act of Canada.

On August 18, 2015, the Company announced impressive analytical results from the Company's helicopter-supported drill program recently completed on its gold exploration property (the "LH Property"). As part of its 2015 exploration program, the Company initiated a helicopter supported drill program to target high grade gold mineralization previously identified in the LH underground workings. A total of 11 drill holes were completed from a single pad for a total of 693 metres. The objective of the Phase I program was to confirm high grade gold mineralization reported from both previous drilling and underground chip sampling by previous operators. Previous work was interpreted to suggest gold-bearing mineralized zones are associated with intervals having elevated sulphide content. At least two mineralized intervals are interpreted to be present (on the basis of the results tabulated below) which are moderately north dipping. Several of the holes intersected the -2- underground workings and were terminated at depths less than the target depth. Despite this fact, all the holes (except LH15-33) intersected anomalous, high grade, gold mineralization, with the holes intersecting underground workings documenting shortened mineralized intervals. Furthermore, with an interpreted moderate dip to the north, many of the holes were drilled at a shallow angle to the mineralized zone(s), resulting in thickened mineralized intervals (i.e. greater than the true width). The true widths of the mineralized zones are not known at this time, however, are interpreted to be approximately 6-8 m in thickness. Further work is proposed by the Company to ascertain probable true width(s) (Refer to the August 18, 2015 news release for collar information and the analytical results for the 2015 exploration program drill holes). The Company views the results of its Phase I program to be very significant and noteworthy. Phase II of the Company's planned program will undertake additional testing of high grade gold mineralization previously identified and associated with the underground workings of the LH Mine and/or along the Ridge Zone.

Current status:

On March 1, 2016, Cobra, IBC, and together with the Company (the "Parties") entered into an asset purchase agreement (the "LH Property Agreement"), with respect to the acquisition by the Company of all of the interest of each of Cobra and IBC in the LH Property (the "LH Property Transaction"), which was subject to shareholder and TSX Venture Exchange approval. On April 27, 2016, the Parties announced that all conditions and approvals had been met, and therefore, the Parties closed the transaction (with the Company issuing 17,120,000 common shares in its capital to Cobra and 32,897,255 common shares in its capital to IBC) As a result, the Company owns 100% of the LH Property.

On August 29, 2016, the Company announced the planned exploration on its "LH" gold exploration property (the "LH Property"). The first phase of the proposed 2016 exploration program will consist of a ground geophysical program comprised of a combined Self Potential, Magnetometer and Horizontal Loop EM survey. The Self-Potential ("SP") survey included: 1) several infill lines on the east flank of the Ridge Zone; and 2) several lines over the surface projection of the LH underground workings to further develop the target for future drilling. The subsequent field program is intended to further evaluate significant gold results documented to date, arising from interpretation of recently compiled geological and geochemical data, including results from the 2012 drill program completed by International Bethlehem Mining Corp. ("International Bethlehem": TSX-V:IBC), ground geophysics in 2014 (SP and Induced Potential surveys) and the 2014 and 2015 drill programs as completed by the Company.

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On September 19, 2016, the Company announced the result from a Self-Potential survey ("SP Survey") on its LH gold exploration property (the "LH Property"). Additional SP data were collected to supplement preliminary data collected in 2014 and complement magnetometer / Horizontal Loop EM ("Genie") data from the pending survey. High grade, gold-bearing mineralization is closely associated with, and interpreted to be hosted by, pyrrhotite ± arsenopyrite mineralization. As pyrrhotite is both strongly magnetic and highly conductive, the presence of pyrrhotite in the near sub-surface is expected to be easily detectable using indirect electromagnetic and magnetic geophysical methods. The combined results from these different methods is expected to provide valuable information with which to develop drill targets for the subsequent diamond drill program later this fall. A large anomalous zone has been delineated on the east flank of the Ridge, extending from Line 5 to immediately south of Line 8 (in the immediate vicinity of the "Ice Tunnel"). The defined zone, having an apparent trend of 020° – 200°, widens from approximately 75 m (north) to approximately 150 m at its southern boundary and remains open to the south. Additional moderately anomalous results are evident along, and on the east side, of Finland Creek, east of, and below, the LH Property underground workings. SP results from the area of the LH Property underground workings document a relatively large zone of moderately to highly anomalous values, with the maximum values occurring in the immediate vicinity of Adit 1, where a large gossan is exposed at surface and drilling intersected mineralization in the shallow sub-surface. The anomaly in the LH Property Underground area is approximately 338 m north-south x 300 m east-west. There appears to be an east-west trend, extending from the LH Property Underground Workings west toward Finland Creek. The second zone of anomalous SP values appears to be offset approximately 135 m south, interpreted to potentially indicate another fault parallel to that previously interpreted along Finland Creek. A subsequent combined Magnetometer / Horizontal Loop EM survey will commence shortly, intended to complement the SP Survey results and further evaluate the mineralized zone(s) associated with the underground workings. The combination of the results from three separate and distinct geophysical methods is expected to establish the sub-surface extent and continuity of the mineralized zone(s) associated with the underground workings and provide greater confidence in locating, and targeting, the drill holes in the subsequent drill program.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the period ended August 31, 2017 and for the subsequent period to the report date:

- a) On September 8, 2017, the Company announced that, subject to regulatory approval, it intended to proceed with a flow through and a non-flow through non-brokered private placement. Under the flow through private placement (the "FT Private Placement"), the Company intends to raise up to \$480,000 by the issuance of 8,000,000 flow through shares (the "FT Shares") at \$0.06 per FT Share. Under the non-flow through private placement, (the "NFT Private Placement"), the Company intends to raise up to \$400,000 by the issuance of 8,000,000 non-flow thorough units (the "NFT Units") at \$0.05 per NFT Unit. Each NFT Unit will consist of one common share and one purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of 2 years at an exercise price of \$0.10. With respect to these private placements, the Company may pay finder's fees in the amount of 10%, payable in cash or NFT Units, based on the sale of the FT Shares and NFT Units purchased by subscribers introduced to the Company by such finders. The Company intends to use the proceeds from these private placements to further exploration on its "LH Property" and for general working capital purposes.
- b) On July 26, 2017, the Company announced that, subject to regulatory approval, it intended to proceed with a non-brokered private placement to raise up to \$600,000 by the issuance of 12,000,000 non-flow thorough units (the "Units") at \$0.05 per Unit. The Company has now decided to delay proceeding with this private place and intends to re-announce the financing later.
- c) On June 12, 2017, the Company announced that, subject to regulatory approval, the Company intends to proceed with a non-brokered private placement to raise up to \$600,000 by the issuance of up to 12,000,000 non-flow through units (the "Units") at \$0.05 per Unit. Each Unit will consist of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of \$0.10. With respect to this private placement, the Company may pay finders' fees in the amount of 10% (payable in cash or Units), based on the sale of the Units purchased by subscribers introduced to the Company by such finders.

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SELECTED ANNUAL INFORMATION

	Year Ended May 31, 2017	Year Ended May 31, 2016	Year Ended May 31, 2015
Total assets	\$ 2,741,205	\$ 2,720,540	\$ 462,040
Total liabilities	262,694	167,107	117,491
Total shareholders' equity	2,478,511	2,553,433	344,549
Other items	4,417	110	153,369
Expenses	462,107	306,810	287,165
Total comprehensive loss	457,690	306,700	133,796
Weighted average number of shares outstanding	69,529,335	19,506,628	11,618,630
Basic and diluted loss per share	0.01	0.02	0.01

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three month period ended August 31, 2017. The Management Discussion and Analysis should be read in conjunction with the Company's unaudited interim financial statements and the accompanying notes for the three month period ended August 31, 2017.

For the three month period ended August 31, 2017:

Operating expenses and net loss

The Company had net loss for the three months ended August 31, 2017 of \$67,726 (2016 - \$52,155). The increase in the net loss of \$15,571 from the three months ended August 31, 2017 compared to the same period in 2016 was primarily due to an increase in general and administration expenses of \$15,573 as detailed below offset by an increased in other items of \$2 resulting from interest income of \$28 (2016 - \$26).

General and administration expenses of \$67,754 (2016 - \$52,181) are primarily comprised of office expenses, professional fees, rent, consulting fees, regulatory and transfer agent fees, and wages and benefits. The increase of \$15,753 from the same period in 2016 was due largely to the following:

In comparison to the three month period ended August 31, 2016:

- Consulting fees of \$24,000 (2016 - \$31,000) decreased by \$7,000 due to a reduction in outside consulting services required for the period.
- Interest of \$2,806 (2016 - \$2,689) did not fluctuate much and was mainly due to the interests paid on the outstanding loan balance during the periods. The loans provide for an interest rate of 1% per month (12% per annum).
- Office and miscellaneous expenses of \$5,817 (2016 - \$3,633) increased by \$2,184 was mainly due to the increased computer expense incurred in the current period.
- Professional fees of \$14,083 (2016 - recovery of \$5,729) changed by \$19,812 mainly due to recovery of \$20,207 external legal fees related to the LH Property Asset Purchase in the prior year.
- Regulatory and transfer agent fees of \$7,095 (2016 - \$8,149) decreased by \$1,054 mainly due to the filing fees related to the LH Property Asset Purchase incurred in the prior year.
- Rent of \$5,954 (2016 - \$5,707) remained fairly consistent.
- Travel of \$44 (2016 - \$67) remained fairly consistent.
- Wages and benefits of \$7,955 (2016 - \$6,665) increased by \$1,290 mainly due to the timely of employee benefits paid under the Company's health and welfare benefits plan.

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LIQUIDITY AND CAPITAL RESOURCES

The Company's mineral exploration activities have been funded primarily through the issuance of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its mining operations. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future.

Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its properties, as well as its continued ability to raise capital.

The Company announced that, subject to regulatory approval, the Company intends to proceed with a flow through non-brokered private placement to raise up to \$480,000 by the issuance of up to 8,000,000 flow through shares (the "FT Shares") at \$0.06 per FT Share and a non-flow through non-brokered private placement to raise up to \$400,000 by the issuance of up to 8,000,000 non-flow through units (the "Units") at \$0.05 per Unit. The Company's current expenses of approximately \$20,000 per month in general and administrative expenses which includes; 1) consulting agreements totaling \$10,000 per month, and 2) an estimated current lease of office space commitment with a base rent of \$1,284 per month and shared operating costs of \$700 per month.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's investors; and financial market conditions. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future. The Company further closed on \$184,100 private placement as announced on August 5, 2016 and August 24, 2016.

As at August 31, 2017, the Company had working capital deficit of \$307,996 compared to \$236,725 as at May 31, 2017. As at August 31, 2017, the Company had cash of \$290 compared to cash of \$299 as at May 31, 2017. The net decrease of \$9 in cash during the period was primarily related to the change in non-cash items and cash used in investing activities offset by cash provided by financing activities.

Net cash used in operating activities for the period ended August 31, 2017 was \$6,964 compared to \$65,652 during the period ended August 31, 2016.

Net cash used in investing activities for the period ended August 31, 2017 was \$3,545 compared to \$14,352 for the period ended August 31, 2016, consisting of exploration and evaluation assets expenditures.

Net cash provided by financing activities for the period ended August 31, 2017 was \$10,500 compared to \$184,100 for the period ended August 31, 2016, consisting of shares issued for cash of \$nil (2016 - \$184,100) and loan proceeds of \$10,500 (2016 - \$nil).

The Company's deficit as of August 31, 2017 was \$1,356,322 as compared to a deficit of \$1,288,596 as at August 31, 2017.

At present, the Company's operations generate little cash flow 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. Management believes the Company will be successful at securing additional funding so that its capital resources will be sufficient to carry its operations through the next twelve months and intends to continue the exploration of its mineral properties.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. 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 caliber 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.

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OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

The Company does not have any current proposed asset or business acquisition or dispositions; however, the Company continues to seek new business opportunities to raise capital.

SUMMARY OF QUARTERLY RESULTS

	August 31, 2017	May 31, 2017	February 28, 2017	November 30, 2016
Total assets	\$ 2,728,717	\$ 2,741,205	\$ 2,759,307	\$ 2,773,290
Total liabilities	317,932	262,694	215,811	166,150
Total shareholders' equity	2,410,785	2,478,511	2,543,496	2,607,140
Other items	28	8,199	(978)	(2,830)
Expenses	67,754	61,934	62,666	285,326
Total comprehensive loss	(67,726)	(53,735)	(63,644)	(288,156)
Weighted average number of shares outstanding	70,118,486	70,118,486	70,118,486	70,118,486
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)

	August 31, 2016	May 31, 2016	February 29, 2016	November 30, 2015
Total assets	\$ 2,849,593	\$ 2,720,540	\$ 470,086	\$ 489,967
Total liabilities	164,215	167,107	78,659	194,815
Total shareholders' equity	2,685,378	2,553,433	391,427	295,152
Other items	26	27	26	26
Expenses	52,181	103,605	78,751	65,460
Total comprehensive loss	(52,155)	(103,578)	(78,725)	(65,434)
Weighted average number of shares outstanding	67,781,095	36,712,454	16,724,396	12,361,758
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)

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TRANSACTIONS WITH RELATED PARTIES

Included in accounts payable and accrued liabilities as at August 31, 2017 is \$181,984 (May 31, 2017 - \$133,599) owing to companies controlled by directors, or companies having directors in common:

Name of Company or Director	Directors/Officers	August 31, 2017	May 31, 2017
Beachfront Enterprises LP	A limited partnership, a majority interest of which is owned by a director, namely, Douglas L. Mason	\$ 20,875	\$ 14,623
Bruce E. Morley Law Corp.	A company controlled by a former director, namely, Bruce E. Morley	\$ 28,000	\$ 19,600
Cobra Venture Corporation	A company with director in common, namely, Daniel B. Evans and David H. Evans	\$ 28,505	\$ 28,505
Criterion Capital Corporation	A company controlled by a director, namely, Douglas L. Mason	\$ 29,308	\$ 20,619
David H. Evans	David H. Evans	\$ 3,000	\$ 2,244
The Kennedy Hill Financial Group Inc.	A company controlled by a director, namely, Daniel B. Evans	\$ 29,250	\$ 20,619
Sead Hamzagic, Inc.	A company controlled by a director, namely, Sead Hamzagic	\$ 2,625	\$ 2,625
Waterfront Communications Inc.	A company with directors in common, namely, Douglas L. Mason, and Sead Hamzagic	\$ 40,421	\$ 24,764
		\$ 181,984	\$ 133,599

During the period ended August 31, 2017, the Company entered into the following transactions with companies controlled by directors, or companies having common directors:

Name of Company or Director	Directors/Officers	August 31, 2017	August 31, 2016
<u>Expenses:</u>			
Beachfront Enterprises LP (Rent)	A limited partnership, a majority interest of which is owned by a director, namely, Douglas L. Mason	\$ 5,954	\$ 5,707
Bruce E. Morley Law Corp. (Professional fees)	A company controlled by a former director, namely, Bruce E. Morley	\$ 7,500	\$ 7,500
Criterion Capital Corporation (Consulting fees)	A company controlled by a director, namely, Douglas L. Mason	\$ 7,500	\$ 7,500
(Interest)		\$ 814	\$ 799
The Kennedy Hill Financial Group Inc. (Consulting fees)	A company controlled by a director, namely, Daniel B. Evans	\$ 7,500	\$ 7,500
(Interest)		\$ 756	\$ 756
Sead Hamzagic, Inc. (Consulting fees)	A company controlled by a director, namely, Sead Hamzagic	\$ 7,500	\$ 7,500
David H. Evans (Interest)	A director	\$ 756	\$ 756

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The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and geological payroll costs in the amount of \$7,954 (2016 - \$6,665) and shared expenses in the amount of \$7,203 (2016 - \$5,301).

Included in accounts receivable at August 31, 2017 is \$nil (May 31, 2017 - \$10,572) from International Bethlehem Mining Corp. (a company with certain directors in common).

Included in prepaid expenses at August 31, 2017 is \$nil (May 31, 2017 - \$8,500) as a security deposit paid to Waterfront Communications Inc. (a company with certain directors in common), to cover shared payroll and expense recoveries.

The Company entered into a loan agreement, dated April 26, 2016, pursuant to which the Company received \$87,500 for working capital purposes. \$75,000 of the loan amount was provided by certain directors and/or officers of the Company (namely, The Kennedy Hill Financial Group Inc., a company controlled by Daniel B. Evans; Criterion Capital Corporation, a company controlled by Douglas Mason; and David H. Evans) and \$12,500 of the loan amount was provided by an arm's length party (collectively, the "Lenders"). Loan advances are for a term of 1 year with interest at a rate of 1% per month (12% per annum). The Company agreed to issue an aggregate of 269,231 shares (issued on May 25, 2016) to the Lenders as a loan bonus in accordance with TSX Venture Exchange policy. During the year ended May 31, 2017, the terms of the loan was extended for an additional 1 year term.

The Company entered into a loan agreement, dated July 31, 2017, pursuant to which the lender agreed to loan the Company up to \$100,000 for working capital purposes. The loan agreement was provided by a company controlled by a director and each loan advance is for a term of one year with interest at a rate of 1% per month (12% per annum). As at August 31, 2017, \$10,500 has been advanced under the loan. No loan bonus shares were issued in connection with these loans.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. Amounts due to (from) related parties are unsecured and have no stated terms of repayment and/or interest unless otherwise stated.

COMMITMENTS

The Company entered into four 5-year term renewable agreements with companies controlled by three directors and one former director of the Company for the provision of consulting and/or legal services at a cost of \$2,500 per month (\$30,000 per annum) for each of the four agreements. If any of such agreements are terminated without cause or if there is a change in control of the Company, the Company is required to pay an amount equal to three times the annual fee payable under the agreements.

On August 5, 2016, the Company issued 562,500 flow through common shares pursuant to a non-brokered private placement for gross proceeds of \$45,000. The Company is committed to incur a total of \$45,000 of qualifying Canadian Exploration Expenses ("CEE") on or before December 31, 2017, as prescribed under the Income Tax Act of Canada.

CAPITAL MANAGEMENT

The Company's shareholders' equity comprise its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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In order to maximize on-going development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

There have been no changes to the Company's approach to capital management during the period ended August 31, 2017. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash, accounts receivables and reclamation deposits as loans and receivables; and accounts payable and accrued liabilities and loans payable as other financial liabilities.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and loans payable approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and accounts receivable.

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

The Company is exposed to credit risk on its receivables. Credit risk with respect to accounts receivable has been assessed as low from management. Accounts receivable are due primarily from Goods and Services Sales Tax.

The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with a major financial institution with strong investment-grade ratings by a primary ratings agency.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	August 31, 2017	May 31, 2017
Cash	\$ 290	\$ 299
Accounts receivable	4,354	13,391
	<u>\$ 4,644</u>	<u>\$ 13,690</u>

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Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At August 31, 2017, the Company had accounts payable and accrued liabilities of \$213,007 (May 31, 2017 - \$168,269), loans payable of \$98,000 (May 31, 2017 - \$87,500) and flow-through premium of \$6,925 (May 31, 2017 - \$6,925).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

	Accounts Payable, Accrued Liabilities and Loans Payable	Due to Related Parties	Total
August 31, 2017			
Due date: 0 to 90 days	\$ 31,023	\$ 181,984	\$ 213,007
Due date: 90 to 365 days	\$ 12,500	\$ 85,500	\$ 98,000
May 31, 2017			
Due date: 0 to 90 days	\$ 34,670	\$ 133,599	\$ 168,269
Due date: 90 to 365 days	\$ 12,500	\$ 75,000	\$ 87,500

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 risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash consists of cash held in bank accounts and a security deposit of \$15,000 (May 31, 2017 - \$15,000) at the prime rate minus 2.10% (May 31, 2017 - 2.10%) held as per instructions on the Safekeeping Agreement from the Ministry of Energy and Mines. Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Future cash flows from interest income on cash will not be affected by interest rate fluctuations. Given the balance of the cash, any fluctuations in the interest rate would lead to an immaterial change in the profit or loss.

Interest rate risk from the Company's loans payable is not significant because the loans payable are at fixed interest rates.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

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(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is not exposed to significant other price risk.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

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OUTSTANDING SHARE DATA as at October 16, 2017:

a) Authorized:

Unlimited number of common shares, without par value

b) Issued and outstanding:

70,118,986 common shares with a stated value of \$3,378,098

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
750,000	\$ 0.05	April 1, 2020
450,000	\$ 0.10	October 26, 2021
5,800,000	\$ 0.05	September 22, 2021
7,000,000		

d) Outstanding warrants:

Number of Warrants	Exercise Price	Expiry Date
110,000	\$ 0.10	August 5, 2018
2,040,000	\$ 0.10	August 24, 2018
2,555,000	\$ 0.10	November 8, 2018
4,000,000	\$ 0.10	December 10, 2018
8,705,000		

e) Shares in escrow or pooling agreements:

None

OFFICERS AND DIRECTORS

Douglas L. Mason, CEO, President and Director, (Chairman)

Sead Hamzagic, CFO and Director

Daniel B. Evans, Director

David H. Evans, Director

Andrzej Kowalski, Director