



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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**SEARCHLIGHT RESOURCES INC.**  
(formerly Canyon Copper Corp.)  
Management's Discussion and Analysis  
Year Ended June 30, 2018

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*The following is management's discussion and analysis ("MD&A") of Searchlight Resources Inc. (formerly Canyon Copper Corp.) ("Searchlight" or the "Company"), prepared as of October 29, 2018. This MD&A is intended to assist the reader to assess material changes in the financial condition and results of operations of Searchlight as of June 30, 2018 and for the year then ended. This MD&A should be read together with the audited consolidated financial statements for the year ended June 30, 2018 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise indicated. United States dollar amounts are denoted by "US\$".*

*This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.*

*Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; limited operating history; the actual results of current exploration activities; ability to obtain sufficient financing to meet ongoing operating costs; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of operation; future mineral prices; equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of exploration activities. See "Risks and Uncertainties" below.*

*Forward looking information is based on a number of material factors and assumptions, including the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties discussed in this MD&A.*

*The Company intends to discuss in its quarterly and annual reports referred to as the Company's MD&A documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this MD&A. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.*

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

## **Overview**

Searchlight Resources Inc. (formerly Canyon Copper Corp.) was incorporated on January 21, 2000 under the laws of the State of Nevada. On May 31, 2013, the Company changed its incorporation jurisdiction to the Province of British Columbia, Canada. The continuation was approved by the Company's shareholders at a special meeting of shareholders held on May 21, 2013. The Company has one wholly owned subsidiary, Canyon Copper (USA) Ltd. ("Canyon USA"), a company incorporated in the state of Nevada. On July 25, 2018, the Company changed its name to Searchlight Resources Inc. and is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "SRCH".

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company holds 100% title to a claim block in Nevada (the "New York Canyon Claims"), along with additional mineral claims located within the vicinity of the New York Canyon Claims area (together, the "New York Canyon Project").

In September 2016, the Company optioned a 71% interest in the Samuels Lake Property from ProAm Exploration Corporation ("ProAm"). In May 2017, the Company optioned a 75% interest in the Bootleg Lake Gold Property from New Moon Minerals Corp. ("New Moon").

In July 2017, the Company optioned a 100% interest in the Munro Warden cobalt property from 2333382 Ontario Inc. In November 2017, the Company acquired a 100% interest in the Cameron Cobalt Project.

In March 2018, the Company completed the sale of its 100% owned copper porphyry project located in California (the "Moonlight Property") to Crown Mining Corp. ("Crown"). See Exploration and Development below for additional property information.

In August 2017, the Company effected a consolidation of its share capital on a three-for-one basis, consolidating 19,759,802 outstanding common shares to 6,586,575 common shares. In accordance with the Company's articles, shareholder approval was not required to effect the share consolidation. All share and per share amounts in this MD&A have been retroactively restated to reflect the share consolidation.

The Company has not earned any revenues to date and does not anticipate earning revenues until such time as it enters into commercial production of its mineral properties. The Company is presently in the exploration stage of its business and can provide no assurance that commercially viable mineral deposits exist on its properties or that it will discover commercially exploitable levels of mineral resources on its properties, or if such deposits are discovered, that the Company will enter into further substantial exploration programs.

The technical information in this MD&A has been reviewed on behalf of the Company by Stephen Wallace P. Geo, who is a Qualified Person as defined in National Instrument 43-101 ("NI 43-101").

## **Corporate Highlights**

- In June 2018, the Company made the payment of \$20,000 and issued 150,000 shares to 2333382 Ontario Inc. as part of the Munro Warden option agreement signed in July 2017.
- In June 2018, the Company made the payment of \$40,000 and issuing 83,333 shares to New Moon Minerals as part of the Bootleg Lake option agreement signed in May 2017.
- In May 2018, Kurt Bordian resigned as CFO and Brian Crawford, CPA, CA was appointed as CFO.

- In March 2018, the Company repaid loans totaling \$310,559.
- In March 2018, the Company completed the sale of its 100% owned Moonlight Property to Crown. Pursuant to the terms of the option agreement, Crown paid total cash consideration of \$375,000 and issued 2,750,000 shares of Crown to the Company.
- In February and March 2018, the Company staked an additional 3,562 hectares as part of its Bootleg Lake Property and in March 2018 completed a drilling program of four diamond drill holes totaling 1,446 metres on the Bootleg Lake project. See *Exploration and Development – Bootleg Lake Project* below.
- In January 2018, the Company acquired an additional 60 claims surrounding its Cameron Cobalt Project, increasing the size of the project area to 1,024 hectares. See *Exploration and Development – Cameron Cobalt Project* below.
- In December 2017, the Company completed a non-brokered private placement of 855,000 flow-through units at \$0.20 per flow-through unit for gross proceeds of \$171,000.
- In November 2017, the Company repaid a loan in the amount of \$100,000 plus accrued interest of \$21,000.
- In November 2017, the Company acquired a 100% interest in the Cameron Cobalt Project located in Ontario. See *Exploration and Development* below.
- In October 2017, the Company issued 133,333 common shares to a company controlled by the former CEO of the Company pursuant to a loan agreement.
- In September 2017, the Company granted options to purchase up to 1,525,000 common shares to officers, directors and consultants at \$0.20 per share.
- In September 2017, the Company completed a private placement of 15,000,000 units at \$0.10 per unit for gross proceeds of \$1,500,000. See *Private Placements* below.
- In August 2017, the Company effected a share consolidation of its share capital on a three-for-one basis consolidating 19,759,802 outstanding common shares to 6,586,575 common shares. See *Share Capital* below.
- In August 2017, the Company announced it acquired an additional 2,581 hectares contiguous to its Bootleg Lake Gold Property, increasing the size of the property to 3,718 hectares. See *Exploration and Development – Bootleg Lake Gold Property* below.
- In July 2017, the Company entered into an option agreement with 2333382 Ontario Inc., a private company, whereby the Company has optioned a 100% interest in the Munro Warden copper nickel cobalt property. See *Exploration and Development – Munro Warden Property* below.

## **Exploration and Development**

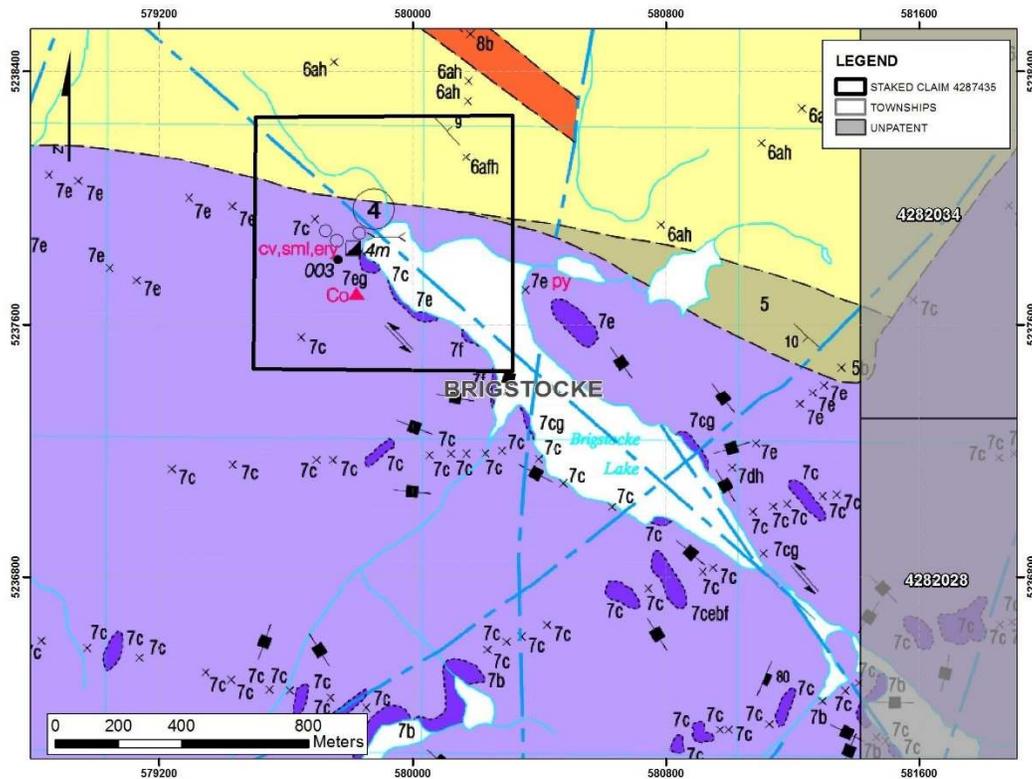
### ***Cameron Cobalt Project, Ontario, Canada***

In November 2017, the Company acquired a 100% interest in the Cameron Cobalt Project located in Brigstocke Township approximately 20 kilometres southwest of Cobalt, Ontario and 120 kilometres north of North Bay, Ontario. The project was acquired from an Ontario prospecting group for a single payment of \$10,000 with no royalty payment.

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In January 2018, the Company acquired additional claims surrounding the Cameron Cobalt Project, consisting of 60 claim units covering an area of 960 hectares, increasing the total project area to a total of 64 contiguous claims covering 1,024 hectares. The new claims surround the original claims and cover the same geology. The new claims were acquired from an Ontario prospecting group for a single payment of \$10,000 with no royalty payment.

The property's original four claim units cover the past exploration pits and a shaft of the Cameron target developed in the 1950's which is now closed. A grab sample collected in 1987 from the historical Cameron pits and analyzed by the Ontario Geological Survey returned assay values of 2.26% Co and 1.7 g/t Au. (Data Source is file MDI31M05SW00021 from the Ontario Mineral Deposit Inventory).



Geological and claim map of Cameron Cobalt Project

Geologically, the Cameron Cobalt property is located within the Cobalt Embayment in the Southern Province of the Canadian Shield where Huronian Supergroup sedimentary rocks lay unconformably over Archean basement rocks. Both the Huronian sediments and Archean rocks have been intruded by Proterozoic-aged Nipissing diabase occurring as both sills and dykes. The Cameron property claims covers the contact between the Proterozoic sediments of the Lorrain and Gowganda formation of the Huronian Supergroup and the intrusion of the Nipissing Diabase. The mineralization model for the property is the "Five Element Vein" style of mineralization (Co-Ag-Ni-Bi-As), which is characteristically found with 250 metres of the diabase contact. This is the characteristic cobalt silver mineralization found throughout the Cobalt, Silver Centre and Gowganda mining camps.

***Munro Warden Copper Nickel Cobalt Property, Ontario, Canada***

In July 2017, the Company entered into an option agreement with 2333382 Ontario Inc., a private company, to earn a 100% interest in the Munro Warden copper nickel cobalt property. The Munro Warden property is located approximately 85 kilometres east of Timmins, Ontario and 55 kilometres north of Kirkland Lake, Ontario.

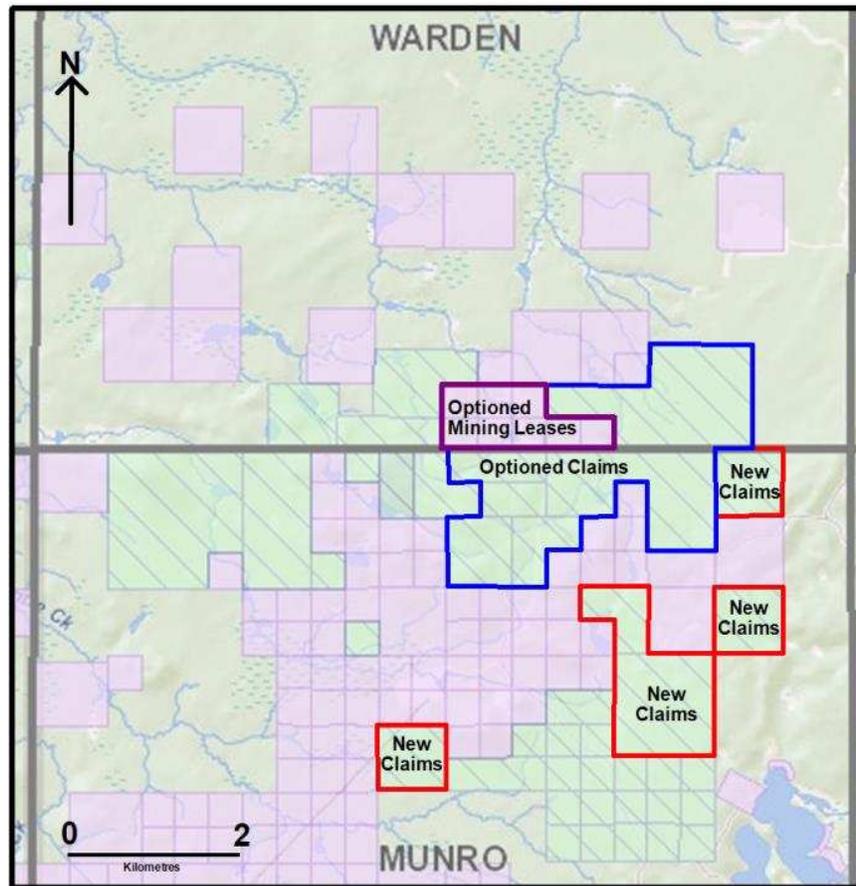
*Option Agreement*

Under the terms of the option agreement, the Company has the option to acquire up to a 100% interest in the Munro Warden property by making the following cash payments, share issuances and exploration expenditures:

- 1) Cash payment of \$5,000 and issuing 100,000 shares within 20 days of the date of TSX-V acceptance (paid and issued).
- 2) The Company will earn a 51% interest upon completing the following:
  - Cash payment of \$20,000 and issuing 150,000 shares before June 30, 2018 (paid and issued).
  - Cash payment of \$25,000 and issuing 150,000 shares before December 31, 2019
  - Incurring exploration expenditures of \$500,000 before December 31, 2019
- 3) The Company will earn a 75% interest upon completing the following:
  - Cash payment of \$50,000 and issuing 200,000 shares before December 31, 2020
  - Cash payment of \$50,000 and issuing 200,000 shares before December 31, 2021
  - Incurring additional exploration expenditures of \$1,000,000 before December 31, 2021, for a cumulative total of \$1,500,000 of exploration expenditures.
- 4) The Company will earn a 100% interest upon completing the following
  - Cash payment of \$100,000 and issuing 200,000 shares before December 31, 2023
  - Incurring additional exploration expenditures of \$1,000,000 before December 31, 2023, for a cumulative total of \$2,500,000 of exploration expenditures.

Under the terms of the option agreement, the Company will pay a 2% net smelter return royalty ("NSR") to 2333382 Ontario Inc. on commencement of commercial production. The Company has the right, at any time, to purchase 1% of the 2% NSR for \$1,000,000. The TSX-V approved the option agreement in August 2017.

In November 2017, Searchlight acquired by staking an additional five claim blocks, totaling 384 hectares covering geological prospective areas close to and adjoining the Munro Warden property.



Map showing new claims relative to existing claims at Munro Warden

### *Geology*

The property consists of nine mining leases and six mineral claims totaling 717 hectares located in the eastern part of the Kidd-Munro assemblage of the Abitibi Greenstone Belt. The Abitibi greenstone belt is one of the largest, best-preserved and mineral-rich greenstone belts in the world. The Kidd-Munro sequence hosts a number of mineral deposits, including the world-class Kidd Creek volcanogenic massive sulphide deposit, the Dundonald and Alexo komatiitic nickel deposits and several major lode gold deposits. In Munro Township, copper and zinc bearing massive sulphides have been mined at the Potter Mine and the Potter-Doal Mine, gold at the Croesus Mine and asbestos at the Munro Mine.

### *Planned Exploration*

The Company plans to begin exploration on the Munro Warden property in the near term with a detailed compilation of existing information followed by prospecting and geological mapping during the 2018 summer field season.

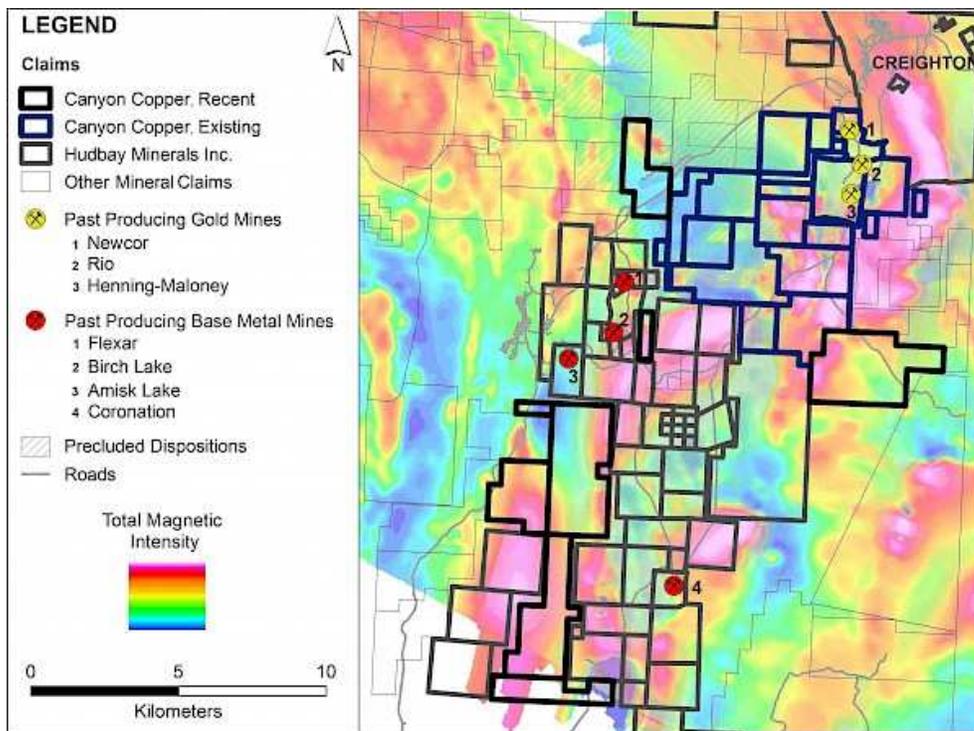
### ***Bootleg Lake Gold Property, Saskatchewan, Canada***

In May 2017, Searchlight entered into an option agreement with New Moon, a private company, to earn a 75% interest in the Bootleg Lake Gold Property. The property is located near Creighton, Saskatchewan, Canada, five kilometres southwest of Flin Flon, Manitoba.

In August 2017, the Company staked a total of 13 claims blocks covering 2,851 hectares contiguous to the south and west side the Bootleg Lake Gold Property. With this staking, Searchlight increased its claim area by 867 hectares to a total area of 3,718 hectares.

In February and March 2018, the Company staked eight claim blocks covering 3,562 hectares, with two claim blocks contiguous to existing claims plus a large claim position located approximately five to 15 kilometres southwest of the Bootleg Lake claims.

The Company's Bootleg Lake area now covers a total area of 7,280 hectares south west of Flin Flon, Manitoba and Creighton, Saskatchewan, within the Flin Flon Greenstone Belt. See map below.



Map showing Searchlight claims in Creighton / Amisk areas of Saskatchewan

#### ***Option Agreement***

Under the terms of the option agreement, the Company has the option to acquire up to a 75% interest in the Bootleg Lake Gold Property by making the following cash payments, share issuances and exploration expenditures:

- 1) Cash payment of \$5,000 upon signing of agreement (paid).

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- 2) Cash payment of \$5,000 and issuing 83,333 shares within five days of the date of TSX-V acceptance (paid and issued).
- 3) The Company will earn a 51% upon completing the following:
  - Cash payment of \$40,000 and issuing 83,333 shares before June 30, 2018; (paid and issued).
  - Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2019;
  - Incurring initial exploration expenditures of \$100,000 before December 31, 2018, and incurring further exploration expenditures of \$150,000 before December 31, 2019, for a cumulative total of \$250,000 of exploration expenditures.
- 4) Searchlight will earn a 75% upon completing the following
  - Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2020;
  - Cash payment of \$100,000 and issuing 166,667 shares before June 30, 2021;
  - Incurring additional exploration expenditures of \$200,000 before December 31, 2020, and incurring further exploration expenditures of \$300,000 before December 31, 2021, for a cumulative total of \$750,000 of exploration expenditures.

Under the terms of the option agreement, the Company will pay a 1% NSR to New Moon on commencement of commercial production. The Company will have the right, at any time, to purchase 50% of the 1% NSR for \$500,000. There is an existing 1% NSR in favour of the underlying vendor.

### *Geology*

The Bootleg Lake Gold Property claims hosted three past producing gold mines, the Bootleg/Rio Mine, the Henning Maloney Mine and the Newcor Gold Mine. All three of these deposits have historical estimates calculated by Vista Mine Inc. in the mid 1980's. (See table below). In addition to the known deposits there are a number of additional gold and copper occurrences on the claims including possibly mineralized tailings from previous production at the Bootleg/Rio mine.

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*Historical Exploration*

<b>Historical Estimates of Bootleg Lake deposits</b>					
<b>Deposit</b>	<b>Category</b>	<b>Tons</b>	<b>Tonnes</b>	<b>Oz/ton</b>	<b>Grams/tonne</b>
		<b>reported</b>	<b>calculated</b>	<b>reported</b>	<b>calculated</b>
<b>Bootleg (Rio)</b>	<b>Reserves</b>	<b>183,871</b>	<b>166,800</b>	<b>0.35</b>	<b>12.0</b>
<b>Henning Maloney</b>	<b>Proven</b>	<b>15,000</b>	<b>13,600</b>	<b>0.45</b>	<b>15.4</b>
	<b>Possible</b>	<b>43,000</b>	<b>39,000</b>	<b>0.16 to 0.32</b>	<b>5.5 to 11.0</b>
<b>Newcor</b>	<b>Proven</b>	<b>42,500</b>	<b>38,600</b>	<b>0.31</b>	<b>10.6</b>
	<b>Probable</b>	<b>156,000</b>	<b>141,500</b>	<b>0.31</b>	<b>10.6</b>

1) All historical estimates above were prepared by Vista Mines Inc, in 1983 through 1987.  
2) Note the historical estimate used the terms historical reserves, historical proven and possible reserves and historical proven and probable reserves were prepared before the introduction of National Instrument 43-101-Standards of Disclosure for Mineral Projects These historical estimates are considered relevant as the Company uses historical reports to evaluate historic mines as a guide to plan future exploration programs. The assumption, parameters and methods used to calculate these historical resource estimates are not known to the Company. The qualified person has not made any attempt to re-classify the estimates according to current NI 43-101 standards and CIM definitions. In order for these resources to be current, the Company will be required to conduct additional drilling on the Bootleg Property. The Company is not treating this estimate as current mineral resources or mineral reserves as defined in NI 43-101. Although the historical resource estimate was designated as "reserves", it cannot be compared to current mineral reserves as it is not supported by at least a current pre-feasibility study.  
3) Data source - ASSESSMENT REPORT ON THE 2014 DIAMOND DRILLING PROGRAM, CREIGHTON PROPERTY DOUGLAS, BOOTLEG, PHANTOM AND WEKACH LAKE AREAS LARONGE MINING DISTRICT CREIGHTON, SASKATCHEWAN, by NEW MOON MINERALS CORPORATION by Anthony Spooner, P. Geo., Flin Flon, MB, August 31, 2016.  
4) Calculation conversions  

- short ton = 0.907185 metric tonne
- troy ounce = 31.1035 grams
- troy oz/ short ton = 34.2857 gram/tonne

*Current Exploration*

**Winter 2018 Drill Program**

In February 2018, the Company received a surface exploration permit granted by the Saskatchewan Ministry of the Environment for a diamond drilling program on the Rio and Newcor target areas of its Bootleg Lake project. The drill program completed in March 2018 with four NQ diamond drill holes completed, totaling 1,446 metres. Three drill holes were completed at the Rio (Bootleg) target and one at the Newcor target.

The drilling was planned to target two high priority targets on the Bootleg Lake project: the past producing Newcor and Rio gold mines. The exploration plan was to test historical data, expand the zones of known mineralization and obtain precise geological information. At both targets the plan was to test potential at depth extension of the known working, which had reached a maximum depth of 120 to 130 metres during mining in the 1940's and 1980's.

The first three drill holes targeted the past producing Rio Gold Mine which is characterized as Mesothermal gold mineralization along the Rio Fault corridor, particularly in close proximity to the granodioritic Phantom Lake pluton immediately to the south. The drilling targeted the intersection

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of two sections of the NE-SW trending Rio fault corridor and the N-S trending Douglas Lake fault. The detailed results are below

Drill Hole Number	Zones	From metre	To metre	Width metre	Au g/t
<b>DDH BL-01</b>		180.0	184.0	4.0	5.24
	including	181.0	184.0	3.0	6.55
	including	181.0	181.5	0.5	12.24
<b>DDH BL-01</b>		213.0	232.0	19.0	2.09
	including	216.0	224.0	8.0	3.23
	including	223.0	224.0	1.0	7.65
<b>DDH BL-02</b>		180.0	183.0	3.0	1.34
	Including	181.0	1820	1.0	2.04
<b>DDH BL-02</b>		208.0	210.0	2.0	1.54
	Including	208.0	209.0	1.0	2.24
<b>DDH BL-02</b>		222.0	227.0	5.0	2.45
	including	223.0	227.0	4.0	2.94
	including	223.0	225.0	2.0	3.84
<b>DDH BL-03</b>		197.0	200.0	3.0	0.77
	Including	199.0	200.0	1.0	1.44

Note: All widths reported are drill intersected core lengths and do not represent true widths

**Table of results of Rio Mine drill holes completed in 2018.**

Drill hole BL-01 was drilled at a 45-degree dip with a total length of 327 m. This drill hole intersected two zones of gold mineralization. Zone 1 is 4.0m from 180.0 m to 184.0 m downhole grading 5.24 g/t Au, including a higher-grade section from 181.0 m to 181.5 m grading 12.24 g/t Au. A second wider zone of 19.0 m from 213.0 m to 232.0 m downhole graded 2.09 g/t Au including an 8.0 m section from 216.0 m to 224.0 m grading 3.23 g/t Au. The zones of mineralization are characterized as a brecciated rhyolite with 1% to 10% pyrite.

BL-02 was drilled from the same drill setup as BL-01, at 60 degrees dip with a total depth of 369m. There is evidence of faulting throughout most of this drill hole, plus granodiorite zones not seen in the first drill hole. A five metre zone of mineralization, which appears to be related to Zone 1 in BL-01 is found between 222.0 m to 227.0 m downhole grading 2.45 g/t Au. Within this zone there is a 2.0 m section grading 3.84 g/t Au.

Drill hole BL-03 was the third drill hole targeting the past producing Rio Mine. Drilled 200 metres northeast along the presumed strike from the first two drill holes BL-01 and BL-02. BL-03 intersected two fault zones, the first 17m to 31m downhole and the second 188m to 229m

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downhole with 1% to 5% disseminated pyrite. Within this second fault zone from 197m to 200m downhole was a mineralized section grading 0.77 g/t Au over 3.0m including a 1.0m section from 199m to 200m grading 1.44 g/t Au.

The fourth drill hole of the drill program BL-04 was drilled to target the depth extension of the past producing Newcor Gold mine. The drill hole totaled 453 metres in depth and there was no significant gold or base metal values in drill hole. BL-04 intersected two fault zones between 336.75m and 341.4m and between 355.0 and 365.0 m down hole. These two fault zones are within the depth projection zone of the Newcor Mine. The fault from 336.75 to 341.4 is described as strongly brecciated, altered with hematite and black chlorite alteration with quartz carbonate veining. This is similar to mineralization seen in a surface pit near the historic Newcor mine workings

*The Company has implemented a quality control program to ensure best practices in sampling and analysis of the core samples. The core is first logged then sawn in half during the sampling process with the half being retained for verification and reference purposes. During sample collection and assaying, there is an established QC procedure using standards, duplicates and blanks. The samples are then securely shipped to the TSL facility in Saskatoon, Saskatchewan, Canada.*

*At TSL in Saskatoon the samples will be crushed and pulverized in preparation for analysis. The samples will be analyzed for gold using fire assay with AA finish. All samples with over 3 g/t gold will undergo secondary analysis fire assay-gravimetric finish. In addition, all samples will be analyzed using the TSL multi-element package ICP-AES Aqua Regis for 29 additional elements. Select elements will be reanalyzed if over the ICP package limits. The coarse rejects and pulps are kept in Saskatoon for re-assaying purposes and then returned to the Company's storage site where they will be stored for long term verification and reference.*

*Anthony Spooner, P.Geol, supervised the drill program, sampling, QA/QC program and logged all the drill holes in the exploration program and is a designated Qualified Person within the meaning of NI 43-101. Stephen Wallace, P.Geol, is the Company's Qualified Person within the meaning of NI 43-101 and has reviewed and approved the technical information regarding the Bootleg Lake Project.*

### **Samuels Lake Property, Ontario, Canada**

In September 2016, Searchlight entered into an option agreement with ProAm, a company listed on the TSX-V, to earn a 71% interest in the Samuels Lake Property. The Samuels Lake Property is located in the Rainy River District of Ontario, about 56km west southwest of Atikokan, a former mining centre that is 200km west of the port of Thunder Bay. The claim block covered a land area of 595.6 hectares, (1,471 acres) with five mineral claims (36 units). This coverage encompasses all of the area of the Samuels Lake Intrusion.

Four additional non-contiguous blocks of claims have been staked which increases the area under control by 6,958 acres (2,817 hectares) in addition to the original Samuels Lake property of 1,471 acres (595.6 hectares) for a total of 8,429 acres (3,413 hectares).

#### *Option Agreement*

Under the terms of the option agreement, the Company has the option to acquire a 71% interest in the Samuels Lake Property by making the following cash payments, share issuances and exploration expenditures:

Cash payments:

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- \$50,000 within ten days from the date of TSX-V acceptance (paid);
- \$50,000 on or before September 21, 2018; and
- \$100,000 on or before September 21, 2019.

Share issuances:

- 66,667 common shares within ten days from TSX-V acceptance (issued);
- 66,667 common shares on or before September 21, 2018; and
- 66,667 common shares on or before September 21, 2019.

Exploration expenditures:

- \$500,000 before September 21, 2018;
- Additional \$500,000 on or before September 21, 2019; and
- Additional \$1,500,000 on or before September 21, 2022.

The Company will pay a 2.5% NSR to ProAm on commencement of commercial production. The Company will have the right, at any time, to purchase 1% of the 2.5% NSR for \$1,500,000.

Samuels Lake is an advanced exploration project, with the potential of copper, nickel, PGM and cobalt resources in mafic/ultramafic intrusive bodies. To date two significant work campaigns have been completed at Samuels Lake with both campaigns leading to recommendations for further work. The first campaign was in 1998 - 2001, which started from a joint venture agreement between StarCore Resources Ltd. and ProAm. The program included property scale geophysical surveys, together with prospecting and trenching of the discovery area. This was followed up by a drill program of 12 NQ drill holes for 2,748 metres which included drill hole SM 99-3, which intersected 45.74 meters of 0.82% copper, 0.64% nickel, with 0.8g/t Pt+Pd+Au and up to 0.08% cobalt.

The second work program was completed in 2007 and 2008, by Teck/Cominco who optioned the property from ProAm. Further ground geophysical surveys, UTEM and ground magnetics followed by a 7 diamond drill hole program, which intersected interesting nickel, copper and cobalt mineralization, including:

Hole SL 08-13	0.39% Ni, 0.85%Cu, 0.075% Co over 14.3m from 234.7m to 249.0m
Hole SL 08-14	0.21% Ni, 0.30% Cu, 0.03% Co over 33.5m from 167.0m to 200.5m
Hole SL 08-15	0.23% Ni, 0.52% Cu, 0.034% Co over 15.2m from 107.4m to 122.6m
Including:	0.57% Ni, 1.299% Cu, 0.066% Co over 3.1m from 107.4m to 110.5m

Searchlight completed an inhouse review of all Teck Cominco and ProAm data including geophysics and diamond drilling, plus a review of available third-party data during the first half of 2018.

Subsequently in August 2018, Searchlight has advised ProAm Explorations Inc., that is it has terminated the Samuels Lake option agreement.

***New York Canyon Project, Nevada, United States***

The New York Canyon Project consists of 60 unpatented mineral claims covering approximately 1,200 acres and 21 patented mineral claims covering an area of approximately 780 acres, including the Jaycor Mining Inc. claims, located within the vicinity of the New York Canyon Claims

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area, Mineral County, Nevada. The New York Canyon Project is approximately five miles east of Luning and 30 miles east of Hawthorne, in the sparsely populated west central part of Nevada.

In order to maintain the New York Canyon Project claims, the Company must annually pay a maintenance fee of US\$155 per claim by September 1 to the Nevada State Office of the Bureau of Land Management ("BLM") and by November 1 of each year the Company must file an affidavit and "Notice of Intent to Hold" the claims in Mineral County. The Company has paid the required maintenance fees and filed the affidavits required in order to extend the claims to December 31, 2018.

There were no exploration activities conducted on the New York Canyon Project during the year ended June 30, 2018.

***Moonlight Property, California, United States***

In March 2018, the Company completed the sale of its Moonlight Property to Crown. Searchlight received an exercise notice from Crown to acquire a 100% undivided right, title and interest in the Moonlight Property. The Moonlight Property is comprised of 211 unpatented mineral claims, having an area of approximately 4,580 acres, located on the northern end of the Walker Lane Belt in Plumas County, California.

The Company had previously signed an option agreement with Crown in February 2016 to option a 100% interest in the Moonlight Property to Crown, with an option to acquire the Moonlight Property at any time on or before the three-year anniversary of the agreement. Pursuant to the terms of the agreement, total cash consideration of \$375,000 was paid by Crown to Searchlight along with 2,750,000 shares of Crown. The final payment of \$350,000, which is included in the total cash consideration of \$375,000, was paid in escrow on February 26, 2018, and released on March 5, 2018, once all of the claims were transferred into Crown's name.

There was no exploration activity on the Moonlight Property by Searchlight during the period ended June 30, 2018.

**Financial**

***Selected Annual Information***

During the most recent three fiscal years, the Company has not recognized any revenue, had any discontinued operations or extraordinary items, or declared any dividends.

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	2018	June 30 2017	2016
	\$	\$	\$
Loss for the year	(1,056,226)	(446,378)	(114,358)
Loss per share, basic and diluted	(0.06)	(0.08)	(0.02)
Total assets	609,462	302,749	401,603
Long-term financial liabilities	84,345	100,000	400,000

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***Summary of Quarterly Results***

The Company is an exploration stage company and has not generated any sales or revenues, nor has it had any extraordinary items or discontinued operations in the most recent eight fiscal

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quarters. The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter ended:	Revenues \$	Net income (loss) \$	Basic and fully diluted income (loss) per share \$
September 30, 2016	–	(186,752)	(0.04)
December 31, 2016	–	(149,328)	(0.04)
March 31, 2017	–	40,926	0.01
June 30, 2017	–	(151,224)	(0.02)
September 30, 2017	–	(490,373)	(0.07)
December 31, 2017	–	(166,139)	(0.02)
March 31, 2018	–	13,650	0.00
June 30, 2018	–	(413,364)	(0.02)

To date, the Company has not yet realized profitable operations and has relied on equity financings and related party loans to fund its losses. The difference in the losses between the various quarters is mainly due to the amount of activity by the Company in each quarter, primarily on mineral exploration expenditures, general administration and regulatory requirements.

The loss for the quarters ended September 30, 2016 and December 31, 2016, were primarily due to general operating expenses and unrealized losses on marketable securities. The net income of \$40,926 for the quarter ended March 31, 2017 was primarily due to mineral property option payments received in excess of capitalized costs, realized loss on disposal of marketable securities and unrealized gain on marketable securities. The loss for the quarter ended June 30, 2017 increased as a result of general operating expenses and the acquisition of Bootleg property. The loss for the quarter ended September 30, 2017 increased primarily due to the inclusion of share-based compensation expense. The loss for the quarter ended December 31, 2017 was primarily due to general operating expenses and mineral property exploration costs. The net income for the quarter ended March 31, 2018 was primarily due to mineral property option payments received in excess of capitalized costs, and mineral exploration costs. The loss for the quarter ended June 30, 2018 increased as a result of general operating expenses and mineral exploration costs.

***Results of Operations***

The review of the results of operations should be read in conjunction with the Company's June 30, 2018 consolidated annual financial statements. For the year ended June 30, 2018, the Company incurred a loss of \$1,056,226 (2017 - \$446,378).

The expenses and related costs that reflect changes in the Company's operations during the year ended June 30, 2018 include the following:

- Accounting and legal expenses increased from \$83,206 for the year ended June 30, 2017 to \$136,259 for the year ended June 30, 2018. Accounting and legal expenses also include \$82,000 (2017 - \$61,775) of accounting fees paid to companies controlled by the Company's current and former CFO.

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- Management fees consist of fees paid to the Company's former CEO and current CEO. The Company incurred fees of \$nil for the year ended June 30, 2018 (2017 - \$45,000) to a company controlled by the Company's former CEO and \$108,000 (2017 - \$12,000) to the current CEO.
- Investor relations expense increased from \$6,927 during the year ended June 30, 2017, to \$200,252 during the year ended June 30, 2018. Fees primarily relate to costs incurred for the Company's annual general meetings, distribution of news releases and consulting fees for website development, the preparation of investor and shareholder materials and investor relations and marketing activities.
- Rent expenses were consistent in 2018 and 2017. During the year ended June 30, 2018, the Company paid \$36,064 (2017 - \$39,458).
- Transfer agent and filing fees were higher in 2018 than 2017 for fees paid to the TSX-V and transfer agent as a result of financing activity during the year. During the year ended June 30, 2018, the Company paid \$39,038 (2017 - \$21,322).

### ***Exploration Expenditures***

During the year ended June 30, 2018, the Company recorded mineral exploration costs of \$466,596 (2017 - \$53,245). These expenses primarily consist of staking new claims in the Samuels Lake property area, annual payments to maintain the New York Canyon Project in good standing and mineral lease payments. Annual claim maintenance fees for the New York Canyon Claims decreased in fiscal 2016 as the Company reduced its interest from approximately 190 claims to 60 claims. Crown has paid the BLM and County fees that were due September 1, 2016, under the Moonlight option agreement.

Further particulars of exploration expenditures and commitments per project are provided in note 4 of the Company's June 30, 2018 consolidated annual financial statements.

The Company does not have sufficient funds and working capital to meet operating expenditures and exploration plans for the next 12 months. The Company will require additional financing to meet these costs.

### ***Fourth Quarter Results***

See *Summary of Quarterly Results*.

### ***Liquidity and Capital Resources***

At June 30, 2018, the Company had cash of \$417,941 (2017 - \$81,644) and working capital of \$186,840 (2017 – working capital deficit of \$608,008). For the year ended June 30, 2018, the Company had negative cash flows from operations.

Some factors affecting the Company's liquidity include:

- During the year ended June 30, 2018, the Company received proceeds of \$170,717 (2017 - \$159,462) from the sale of shares of marketable securities.
- During the year ended June 30, 2018, the Company received proceeds of \$350,000 (2017- \$nil) pursuant to the option agreement with Crown Mining Corp.
- In December 2017, the Company a private placement of 855,000 flow-through units at \$0.20 per unit for gross proceeds of \$171,000.

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- In September 2017, the Company completed a private placement of 15,000,000 units at \$0.10 per unit for gross proceeds of \$1,500,000. In connection with the private placement, the Company paid finders' fees of \$57,600.
- In November 2016, the Company completed a private placement of 1,333,333 shares at \$0.075 per share for gross proceeds of \$100,000. In connection with the private placement, the Company paid finders fees of \$1,100.
- In September 2016, the Company entered into a loan agreement with a company controlled by the former president and CEO of the Company, to provide Searchlight with \$100,000 for a period of two years at an interest rate of 10% per year. In October 2017, the Company issued 133,333 common shares in connection with the loan.
- The Company's operational plan calls for significant expenses in connection with the exploration of its properties. The Company does not have sufficient funds to meet its annual claim payments and meet its ongoing reporting obligations, The Company will require additional financing to carry out its exploration programs on the Bootleg Lake Gold Property and the Munro Warden over the next 12 months. Accordingly, the Company will require additional financing in order to meet these costs.
- Obtaining financing is subject to a number of factors, including the market prices for the mineral properties and copper. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. Since inception, the Company has used its common shares to raise money for operations and for property acquisitions. The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its plan of operation. For these reasons, the Company's independent auditors believe these factors indicate the existence of a material uncertainty that may cast substantial doubt about its ability to continue as a going concern.

***Related Party Transactions***

Particulars of transactions with related parties are disclosed in note 5 to the June 30, 2018 financial statements. The Company does not have any contractual relationships with directors or officers other than employment contracts in the ordinary course of business.

- a) As at June 30, 2018, the Company was indebted to the CEO of the Company for \$10,338 (2017 - \$9,280), of which \$10,338 is included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured and due on demand.
- b) As at June 30, 2018, the Company was indebted to the former CEO of the Company for \$195,000 (2017 - \$255,559), which is non-interest bearing, unsecured and due on demand.
- c) As at June 30, 2018, the Company was indebted to the former CFO of the Company for \$nil (2017 - \$88,000), which is non-interest bearing, unsecured and due on demand.
- d) On April 28, 2015, the Company entered into a loan agreement with a company controlled by the former CEO of the Company (the "Lender"), whereby the Lender agreed to loan the Company \$250,000 for a period of one year at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company issued 166,667 common shares to the Lender with a fair value of \$25,000. This amount was deferred and netted against the carrying value of the loan at issuance, and was amortized over the term of the loan. Effective May 3, 2016, the maturity date was extended to April 28, 2018. On March 27, 2018, the Company fully repaid the loan of \$250,000. As at June 30, 2018, the Company owed accrued interest of \$72,644 (2017 - \$54,221).

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- e) On November 16, 2015, the Company entered into a loan agreement with the Lender, whereby the Lender agreed to loan the Company \$100,000 for a period of two years at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company issued 133,333 common shares to the Lender on the first anniversary of the loan agreement, at a fair value of \$20,000. This amount was deferred and netted against the carrying value of the loan at issuance, and was amortized over the term of the loan. On November 13, 2017, the Company fully repaid the loan of \$100,000 and the accrued interest of \$21,000.
- f) On May 3, 2016, the Company entered into a loan agreement with the Lender, whereby the Lender agreed to loan the Company \$50,000 for a period of two years at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company issued 66,667 common shares to the Lender on the first anniversary of the loan agreement, at a fair value of \$7,000. This amount was deferred and netted against the carrying value of the loan at issuance and was amortized over the term of the loan. On March 27, 2018, the Company fully repaid the loan of \$50,000. As at June 30, 2017, the Company owed accrued interest of \$9,467 (2017 – \$5,778).
- g) On September 27, 2016, the Company entered into a loan agreement with the Lender, whereby the Lender agreed to loan the Company \$100,000 for a period of three years at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company agreed to issue 133,333 common shares to the Lender on the first anniversary of the loan agreement. The fair value of the shares issued \$25,333 was deferred and netted against the carrying value of the loan at issuance and is being amortized over the term of the loan. During the year ended June 30, 2018, the Company amortized \$9,678 of deferred financing costs (2017-\$nil). As at June 30, 2018, the Company owed accrued interest of \$14,952 (2017-\$7,555).
- h) During the year ended June 30, 2018, the Company incurred management fees of \$108,000 (2017 - \$12,000) to the CEO of the Company.
- i) During the year ended June 30, 2018, the Company incurred management fees of \$nil (2017 - \$45,000) to a company controlled by the former CEO of the Company.
- j) During the year ended June 30, 2018, the Company incurred professional fees of \$75,000 (2017 - \$37,775) and management fees of \$nil (2017 - \$24,000) to a company controlled by the former CFO of the Company.
- k) During the year ended June 30, 2018, the Company incurred management fees of \$7,000 (2017-\$nil) to a company controlled by the CFO of the Company.
- l) During the year ended June 30, 2018, the Company granted 1,300,000 stock options with a fair value of \$247,000 (2017 - \$nil) to officers and directors of the Company.

**Financial Instruments**

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2018, as follows:

Fair Value Measurements Using			
Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, June 30, 2018
\$	\$	\$	\$

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Cash	417,941	-	-	417,941
Marketable securities	23,896	-	-	23,896
	<u>441,837</u>	-	-	<u>421,837</u>

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, amounts due to related parties, accrued interest on loans payable to related parties, and loans payable to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada and United States. Future exploration programs and option payments may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly-traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

***Accounting Standards Issued But Not Yet Effective***

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2018, and have not been applied in preparing these consolidated financial statements.

New standard IFRS 9, "Financial Instruments"

New standard, IFRS 16, "Leases"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

***Risk and Uncertainties***

The following are some significant risk factors that could affect the Company's financial performance or could cause actual results to differ materially from estimates contained in the Company's forward-looking statements. The Company may encounter risks in addition to those described below. Additional risks and uncertainties not currently known to the Company, or that it

currently deems to be immaterial, may also impair or adversely affect the Company's business, financial condition or results of operation.

An investment in the Company's common shares involves a high degree of risk. Investors should carefully consider the risks described below and the other information in this report before investing in the Company's common shares. If any of the following risks occur, the Company's business, operating results and financial condition could be seriously harmed. The price of the Company's common shares could decline due to any of these risks, and investors may lose all or part of their investment.

The Company lacks an operating history and has losses which it expects to continue into the future. As a result, the Company may have to suspend or cease exploration activities and if the Company does not obtain sufficient financing, its business will fail.

The Company was incorporated on January 21, 2000 and to date has been involved primarily in the acquisition of its mineral properties and the exploration and development of the New York Canyon Project and Moonlight Property. The Company has no exploration history upon which an evaluation of its future success or failure can be made. The Company's ability to achieve and maintain profitability and positive cash flow is dependent upon the Company's ability to locate a profitable mineral property and the Company's ability to generate revenues.

The Company's plan of operation calls for significant expenses in connection with the exploration of the Bootleg Lake, Munro Warden and Cameron Cobalt properties, which may require the Company to obtain financing. The Company recorded a net loss of \$1,056,226 for the year ended June 30, 2018 and has an accumulated deficit of \$29,960,815 since inception. At June 30, 2018, the Company had cash of \$417,941. The Company does not have sufficient funds to meet its annual claim payments and meet its ongoing reporting obligations, and as such the Company will require additional financing to carry out its exploration programs on the Bootleg Lake, Munro Warden and Cameron Cobalt properties. There is no assurance the Company will be successful in raising funds or on terms that are acceptable to it. Since inception, the Company has been dependent on investment capital and debt financing from third parties as its primary source of liquidity. The Company anticipates continuing to rely on sales of its common shares and loans in order to continue to fund its business operations. Issuances of additional shares will result in further dilution of the Company's existing shareholders.

Obtaining financing would be subject to a number of factors, including the market prices for the mineral property and base and precious metals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. Since inception, the Company has used its common shares to raise money for its operations and for its property acquisitions. The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its plan of operation.

**Because the Company anticipates its operating expenses will increase prior to earning revenues, the Company may never achieve profitability.**

Prior to completion of the Company's exploration stage, the Company anticipates that it will incur increased operating expenses without realizing any revenues. The Company therefore expects to incur significant losses into the foreseeable future. The Company recognizes that if it is unable to generate significant revenues from the exploration of its mineral claims and the production of minerals thereon, if any, the Company will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that the Company will prove successful, and it may not be able to ever generate any operating revenues or achieve profitable operations. If the Company is unsuccessful in addressing these risks, its business will most likely fail.

**Because the Company is an exploration stage company, its business has a high risk of failure.**

The Company is an exploration stage company that has incurred net losses since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to complete its exploration activities. The success of the Company's business operations will depend upon its ability to obtain further financing to complete its planned exploration program and to attain profitable operations. If the Company is not able to complete a successful exploration program and attain sustainable profitable operations, then the Company's business will fail.

**Because the Company has not commenced business operations, it faces a high risk of business failure.**

The Company has not earned any revenues as of the date of this MD&A. Potential investors should be aware of the difficulties normally encountered by new mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Company plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

**The Company has no known mineral reserves and if it cannot find any and cannot continue to finance, will have to cease operations.**

The Company has no known mineral reserves. Mineral exploration is highly speculative. It involves many risks and is often non-productive. Even if the Company is able to find mineral reserves on its property, its production capability is subject to further risks including:

- Costs of bringing the property into production including exploration work, preparation of production feasibility studies, and construction of production facilities, all of which the Company has not budgeted for;
- Availability and costs of financing;
- Ongoing costs of production; and
- Environmental compliance regulations and restraints.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the lack of milling facilities and processing equipment near its properties and such other factors as government regulations, including regulations relating to allowable production, exporting of minerals and environmental protection. If the Company does not find a mineral reserve or define a mineral inventory containing gold, silver or copper or if it cannot explore the mineral reserve, either because it does not have the money to do it or because it will not be economically feasible to do it, the Company will have to cease operations and investors will lose their investment.

**In order to maintain the Company's rights to its mineral properties, the Company will be required to make annual filings with federal and state regulatory agencies and/or be required to complete assessment work on its mineral properties.**

In order to maintain the Company's rights to its mineral properties, the Company will be required to make annual filings with federal and state regulatory authorities. In addition, it may be required by federal and/or state legislation or regulations to complete minimum annual amounts of mineral exploration work on its mineral properties. A failure by the Company to meet the annual

maintenance requirements under federal and state laws could cause its rights to the mineral properties to lapse.

**Because of the inherent dangers involved in mineral exploration, there is a risk that the Company may incur liability or damages if and when the Company conducts mineral exploration activities.**

The search for valuable minerals involves numerous hazards. As a result, if and when the Company conducts exploration activities, it may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

**If the price of base and precious metals declines, the Company's financial condition and ability to obtain future financings will be impaired.**

The price of base and precious metals is affected by numerous factors, all of which are beyond the Company's control. Factors that tend to cause the price of base and precious metals to decrease include the following:

- Sales or leasing of base and precious metals by governments and central banks;
- A low rate of inflation and a strong US dollar;
- Speculative trading;
- Decreased demand for base and precious metals industrial, jewelry and investment uses;
- High supply of base and precious metals from production, disinvestment, scrap and hedging;
- Sales by base and precious metals producers and foreign transactions and other hedging transactions; and
- Devaluing local currencies (relative to base and precious metals price in US dollars) leading to lower production costs and higher production in certain major base and precious metals producing regions.

The Company's business is dependent on the price of base and precious metals. The Company has not undertaken hedging transactions in order to protect it from a decline in the price of base and precious metals. A decline in the price of base and precious metals may also decrease the Company's ability to obtain future financings to fund its planned development and exploration programs.

**If the Company is unable to hire and retain key personnel, it may not be able to implement its business plan.**

The Company's success is dependent upon the performance of key personnel working full-time in management, supervisory and administrative capacities or as consultants. This is particularly true in highly technical businesses such as mineral exploration. These individuals are in high demand and the Company may not be able to attract the personnel it needs. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations. Failing to hire key personnel when needed, or on acceptable terms, would have a significant negative effect on the Company's business.

**As the Company undertakes exploration of its mineral properties, it will be subject to compliance with government regulation that may increase the anticipated cost of its exploration program.**

There are several governmental regulations that materially restrict mineral exploration. The Company is required to obtain work permits, post bonds and perform remediation work for any

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physical disturbance to the land in order to comply with these laws. If the Company enters the production phase, the cost of complying with permit and regulatory environment laws will be greater because the impact on the project area is greater. Permits and regulations will control all aspects of the production program if the project continues to that stage. Examples of regulatory requirements include:

- Water discharge will have to meet drinking water standards;
- Dust generation will have to be minimal or otherwise re-mediated;
- Dumping of material on the surface will have to be re-contoured and re-vegetated with natural vegetation;
- An assessment of all material to be left on the surface will need to be environmentally benign;
- Ground water will have to be monitored for any potential contaminants;
- The socio-economic impact of the project will have to be evaluated and if deemed negative, will have to be re-mediated; and
- There will have to be an impact report of the work on the local fauna and flora including a study of potentially endangered species.

There is a risk that new regulations could increase the Company's costs of doing business and prevent it from carrying out its exploration program. The Company will also have to sustain the cost of reclamation and environmental remediation for all exploration work undertaken. Both reclamation and environmental remediation refer to putting disturbed ground back as close to its original state as possible. Other potential pollution or damage must be cleaned-up and renewed along standard guidelines outlined in the usual permits. Reclamation is the process of bringing the land back to its natural state after completion of exploration activities. Environmental remediation refers to the physical activity of taking steps to remediate, or remedy, any environmental damage caused. The amount of these costs is not known at this time as the Company does not know the extent of the exploration program that will be undertaken beyond completion of the recommended work program. If remediation costs exceed the Company's cash reserves, it may be unable to complete its exploration program and have to abandon its operations.

**If the Company becomes subject to increased environmental laws and regulation, its operating expenses may increase.**

The Company's development and production operations are regulated by Canadian and US federal laws, and Ontario and Saskatchewan provincial and California and Nevada state environmental laws that relate to the protection of air and water quality, hazardous waste management and mine reclamation. These regulations will impose operating costs on the Company. If the regulatory environment for the Company's operations changes in a manner that increases costs of compliance and reclamation, then its operating expenses would increase with the result that its financial condition and operating results could be adversely affected.

**There has been a very limited public trading market for the Company's securities, and the market for the Company's securities may continue to be limited and be sporadic and highly volatile.**

There is currently a limited public market for the Company's common shares. The Company's common shares trade in Canada on the TSX-V and over the counter in the United States on the OTC Pink market place. The Company cannot assure investors that an active market for its shares will be established or maintained in the future. The OTC Pink is not a national securities exchange and many companies have experienced limited liquidity when traded through this quotation system. Holders of the Company's common shares may, therefore, have difficulty selling their shares, should they decide to do so. In addition, there can be no assurances that such markets

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will continue or that any shares, which may be purchased, may be sold without incurring a loss. The market price of the Company's shares, from time to time, may not necessarily bear any relationship to its book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the shares in the future.

In addition, the market price of the Company's common shares may be volatile, which could cause the value of its common shares to decline. Securities markets experience significant price and volume fluctuations. This market volatility, as well as general economic conditions, could cause the market price of the Company's common shares to fluctuate substantially. Many factors that are beyond the Company's control may significantly affect the market price of its shares. These factors include:

- price and volume fluctuations in stock markets;
- changes in the Company's operating results;
- any increase in losses from levels expected by securities analysts;
- changes in regulatory policies or law;
- operating performance of companies comparable to the Company; and
- general economic trends and other external factors.

Even if an active market for the Company's common shares is established, shareholders may have to sell their shares at prices substantially lower than the price they paid for the shares or might otherwise receive than if an active public market existed.

**If the Company completes a financing through the sale of additional shares of its common shares, shareholders will experience dilution.**

The most likely source of future financing presently available to the Company is through the issuance of its common shares. Any sale of share capital will result in dilution to existing shareholders. The only other anticipated alternative for the financing of further exploration would be the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration thereof, which is not presently contemplated.

**The Company will still be treated as a U.S. corporation and taxed on its worldwide income after the Continuation.**

The continuation of the Company from the State of Nevada to the Province of British Columbia, Canada is considered a migration of the Company from the State of Nevada to the Province of British Columbia, Canada. Certain transactions whereby a U.S. corporation migrates to a foreign jurisdiction can be considered by the United States Congress to be an abuse of the U.S. tax rules because thereafter the foreign entity is not subject to U.S. tax on its worldwide income. Section 7874(b) of the Internal Revenue Code of 1986, as amended (the "Code"), was enacted in 2004 to address this potential abuse. Section 7874(b) of the Code provides generally that certain corporations that migrate from the United States will nonetheless continue to be treated as United States corporations for all U.S. federal tax purposes, including being subject to U.S. tax on their worldwide income unless the migrating entity has substantial business activities in the foreign country to which it is migrating when compared to its total business activities.

Section 7874(b) of the Code will apply to the migration of the Company from the State of Nevada to the Province of British Columbia, Canada, and the Company will continue to be a U.S. domestic corporation for U.S. federal tax purposes and will be subject to United States federal income taxation on its worldwide income. Section 7874(b) of the Code will apply to the Company's migration unless the Company has substantial business activities in Canada when compared to its total business activities, which the Company does not anticipate will be the case.

**Non-U.S. holders of the Company's common shares, in certain situations, could be subject to U.S. federal income tax upon the sale, exchange or disposition of the Company's common shares.**

The Company believes that it is, and will remain for the foreseeable future, a "U.S. real property holding corporation" for U.S. federal income tax purposes. As a result, under the Foreign Investment in Real Property Tax Act ("FIRPTA") certain non-U.S. investors may be subject to U.S. federal income tax on gain from the disposition of shares of the Company's common shares, in which case they would also be required to file U.S. tax returns with respect to such gain, and may be subject to a withholding tax with respect to a disposition of the Company's shares. In general, whether these FIRPTA provisions apply depends on the amount of the Company's common shares that such non-U.S. investors hold and whether, at the time they dispose of their shares, the Company's common shares are regularly traded on an established securities market within the meaning of the applicable Treasury Regulations. So long as the Company's common shares continue to be regularly traded on an established securities market, only a non-U.S. investor who has held, actually or constructively, more than 5% of the Company's common shares at any time during the shorter of (i) the five-year period ending on the date of disposition, and (ii) the non-U.S. investor's holding period for its shares, may be subject to U.S. federal income tax on the disposition of the Company's common shares under FIRPTA.

### **Share Capital**

The Company had 6,586,575 common shares issued and outstanding at June 30, 2017 and 22,674,908 common shares issued and outstanding at June 30, 2018.

### ***Share Consolidation***

In August 2017, the Company effected a consolidation of its share capital on a three-for-one basis, consolidating 19,759,802 outstanding common shares to 6,586,575 common shares. In accordance with the Company's articles, the consolidation did not require the approval of the shareholders. The purpose of the consolidation was to facilitate the Company's ability to attract future financings, generate greater investor interest and improve trading liquidity. All share and per-share amounts have been restated to reflect the effect of the consolidation.

### ***Private Placements***

#### *Fiscal 2018*

In September 2017, the Company completed a private placement, issuing 15,000,000 units at \$0.10 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share and one-half non-transferable share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.15 per share for a period of two years. In connection with the private placement, the Company paid finder's fees of \$57,600 in cash and issued 576,000 broker warrants, with each broker warrant entitling the holder to purchase an additional share at a price of \$0.15 for a period of two years. Proceeds from this financing will be used for mineral property exploration and general working capital purposes.

In December 2017, the Company completed a private placement of 855,000 flow-through units at \$0.20 per unit for gross proceeds of \$171,000. Each flow-through unit consists of one flow-through common share and one-half non-transferable non-flow-through share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.30 per share for a

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period of two years. A share flow-through premium of \$42,750 was recognized as a reduction against the proceeds received. Proceeds from this financing will be used for mineral property exploration.

*Fiscal 2017*

In November 2016, the Company completed a private placement of 1,333,333 shares at \$0.075 per share for gross proceeds of \$100,000. In connection with the private placement, the Company paid finders fees of \$1,100.

***Other Share Issuances***

In August 2018, the Company issued 150,000 common shares pursuant to the option agreement with 2333382 Ontario Inc.

In August 2018, the Company issued 83,000 common shares pursuant to the option agreement with New Moon Minerals Corp.

In October 2017, the Company issued 133,333 common shares to the Lender as part of consideration for the \$100,000 loan agreement.

In August 2017, the Company issued 100,000 common shares pursuant to the option agreement with 2333382 Ontario Inc.

***Share Purchase Warrants***

In September 2017, the Company issued 7,500,000 warrants and 576,000 broker warrants at a price of \$0.15 in connection with a private placement.

In December 2017, the Company issued 427,500 warrants at a price of \$0.30 in connection with a private placement.

***Stock Options***

The Company has a rolling stock option plan that allows for the issuance of options equal to 10% of the number of issued and outstanding shares for a term of up to five years. The Company's shareholders re-approved the stock option plan at the annual general meeting held in December 2017.

In July 2017, 116,667 options expired unexercised.

In September 2017, the Company granted incentive stock options to officers, directors and consultants, to purchase up to 1,525,000 common shares. The options have an exercise price of \$0.20 and are exercisable until September 29, 2022.

In December 2017, the Company granted incentive stock options to consultants, to purchase up to 100,000 common shares. The options have an exercise price of \$0.165 and are exercisable until December 5, 2022.

In August 2018, 366,667 options were cancelled.

***Additional Disclosure for Venture Issuers without Significant Revenue***

An analysis of material components of the Company's mineral property costs and mineral property costs and mineral exploration costs are disclosed in the audited consolidated financial statements for the year ended June 30, 2018 to which this MD&A relates.

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An analysis of material components of the Company's general and administrative expenses is disclosed in the audited consolidated financial statements to which this MD&A relates.

***Outstanding Share Information***

As at the date of this MD&A, the Company has:

- 22,907,908 common shares issued and outstanding.
- 8,503,500 share purchase warrants exercisable at \$0.15 (8,076,000) \$0.30 (427,500) per share expiring between September 26, 2019 and December 28, 2019.
- 1,464,500 stock options expiring between April 25, 2018 and September 29, 2022.