



**Management's Discussion & Analysis of
Financial Conditions & Results of Operations
Three and Nine Months Ended September 30, 2018**

Management's Discussion and Analysis September 30, 2018

Background

This discussion and analysis of financial position and results of operations of Aurion Resources Ltd. (the "Company" or "Aurion") is prepared as of November 26, 2018 and should be read in conjunction with the consolidated financial statements for the three and nine months ended September 30, 2018 where necessary. All dollar figures included therein and in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated.

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

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview

The Company is a prospect generator with a strategy to fund mineral exploration through partnership agreements. This approach significantly reduces the technical and financial risk for the Company, without losing exposure to the shareholder value enhancement of a major discovery.

Aurion Resources Ltd. (the "Company") was incorporated under the *Business Corporations Act (Alberta)* on April 6, 2006 and was continued into British Columbia on August 10, 2018 under the *Business Corporations Act (British Columbia)*. The Company was listed the TSX Venture Exchange ("Exchange") on October 3, 2008. Aurion and its wholly-owned subsidiaries, Minera Aurion de Mexico S.A. de C.V., Aurion Resources (US) LLC, Aurion Resources AB, Aurion Oy and FennoEx Oy are engaged in the evaluation, acquisition and exploration of mineral properties in Canada, Mexico, the United States, Sweden and Finland respectively. The Company's primary focus is currently in Finland.

Nine Months Highlights and Significant Events

- January 17, 2018: Aurion reported the results from its maiden drill program during Sept.-Dec. 2017 at the Aamurusko gold prospect on its 100% owned Risti Project in Northern Finland. The primary objective of the drilling was to identify structures to potentially find the source of the 1.4 km long by 2.5 km wide Aamurusko boulder trend which has so far identified 717 large, angular quartz vein blocks assaying from nil to 2,520 g/t Au averaging 32.97 g/t Au. Highlights of drilling include:
 - Diamond drilling was completed over 4,380 m in 21 drillholes;
 - Drilling identified significant structures hosting at least 2 separate zones of multiple mineralized quartz vein, stockwork and breccia zones to the north over a 1 km strike length;

- Quartz veins and stockwork zones showed variable mineralization with trace to 3% pyrite, pyrrhotite, chalcopyrite, galena, sphalerite, arsenopyrite and rare visible gold;
 - The highest assay result was 10.1 g/t over 1.0 m while numerous zones of anomalous gold values throughout a number of drillholes were observed;
- January 24, 2018: Aurion appointed Mr. Mark Serdan as Chief Financial Officer of the company.
- February 15, 2018: Aurion announced that it had signed a non-binding letter of intent (“LOI”) with Kinross Gold Corporation (“Kinross”) giving Kinross the right to earn up to 70% in the Outa project. The terms were as follows:
 - Kinross spend US\$ 5 million over 5 years to earn 70%;
 - Kinross agreed to complete US\$ 1 million exploration expenditures over first 2 years;
 - Transaction is subject to Kinross completing due diligence and corporate approvals (currently in progress);
 - The definitive agreement is currently being negotiated and drafted.
- March 5, 2018: Aurion announced the completion of a short winter exploration program at its Risti project:
 - Diamond drilling, ground geophysics and Base of Till (“BoT”) sampling occurred from mid Jan.- late Feb.;
 - 2 drill holes were completed. Drilling and other activities were curtailed due to extreme weather conditions and mechanical issues.
- Based on the information gathered through the announcement on March 5, the company gained a great deal of insight about the geology of Risti. It is the company’s belief that the structures identified represent the source of much of the quartz within the Aamurusko trend although the company has yet to discover the source of the high-grade boulders within the structure. Aurion utilized the information to plan its exploration activities for the remainder of 2018. The majority of the activities are expected to occur at the company’s Aamurusko gold prospect on its 100% owned Risti Project.
- June 21, 2018: Aurion announced the commencement of the 2018 exploration program and reported two new high grade discoveries (The A2 and Aamurusko NW Prospects):
 - The 2018 budget was estimated at CDN \$8 million and includes quaternary glacial geomorphology studies, trenching, prospecting, detailed structural geological mapping, drone geophysics, drone photography and a 15,000 m diamond drilling program;
 - The A2 Prospect is located 850 m to 1,500 m north of the Aamurusko boulder field. A total of 53 rock chip samples in outcrop, subcrop and angular boulders were collected assaying between nil and 322.7 g/t Au and averaging 18.6 g/t over 1.1 km. Mineralization consisted of quartz veins, quartz stockworks, breccias and sediment hosted disseminated mineralization;
 - The Aamurusko NW Prospect is located 400 m N-NW of the Aamurusko boulder field and comprises a 20-30 m wide zone of NE-SW trending quartz veins, breccias and stockworks in outcrop and subcrop. The mineralization is exposed over a 50 m strike length before being concealed under cover and individual veins are up to 1.5 m wide and over 14 rock chip samples contained visible gold. This new discovery is believed to represent at least one source of the high grade boulders within Aamurusko.
- August 17, 2018: Aurion provided an update on the 2018 drilling campaign and announced high grade assay results from the A2 and Aamurusko NW targets:
 - Drilling commenced at Aamurusko and a total of approximately 2,500 m in 14 drillholes was completed with assays pending;
 - At the A2 prospect (discussed in press release June 21, 2018), 52 new rock chip samples in outcrop, subcrop and angular boulders were collected over a distance of 1.1 km,

- assaying between nil and 697.0 g/t and averaging 59.6 g/t. Mineralization consisted of quartz veins (locally up to 5 m wide), quartz stockworks, breccias and tension vein arrays;
- At the Aamurusko NW prospect (discussed in press release June 21, 2018), a total of 187 rock chip samples in outcrop, subcrop and angular boulders were collected over an area 400 m wide by 275 m, assaying between nil and 404 g/t and averaging 14.2 g/t.
 - September 19, 2018: Aurion provided an update on the 2018 drilling campaign including a drilling intercept in hole AM18042 (“hole 42”) that assayed 789.06 g/t Au over 2.90 m:
 - A total of 5,239 m in 35 drillholes were completed since early July;
 - Partial assays were received for 17 drillholes and 4 targets were tested (Aamurusko Main, Aamurusko West, Aamurusko NW and A2);
 - The best intercept to date was encountered in hole 42 where coarse visible gold was intersected in a 2.90 wide fault filled vein which assayed 789.06 g/t from 116.10 m to 119.00 m, including 0.65 m assaying 3,510.00 g/t;
 - Hole 35 located 230 m east of hole 42 encountered multiple extensional vein zones including a 5.20 m wide zone assaying 12.45g/t from 53.50 m to 58.70 m, including 0.50 m assaying 66.70 g/t and 0.49 m assaying 54.3 g/t;
 - Those holes were associated with the discovery of a major east-west trending north dipping structure immediately north of the Aamurusko boulder field and management believes that this shear zone is likely the source of many of the large auriferous boulders previously discovered within the main 1.1 km by 1.4 km Aamurusko boulder field.
 - October 2, 2018: Subsequent to the end of the quarter, Aurion reported the discovery of a new high grade zone of gold mineralization in bedrock at Risti:
 - The “YNot” prospect is located 3.6 km NW of Aamurusko and comprises an east-west zone of quartz veins and associated extensional/stockwork veining hosted by siliceous sandstone;
 - Mechanical trenching exposed a zone of quartz vein hosted gold mineralization in bedrock up to 10 m wide over a distance of 260 m;
 - 39 surface rock chip or grab samples collected from angular boulders assayed from nil to 705 g/t Au including 10 samples assaying greater than 5.0 g/t Au. The average grade of samples was 30.77 g/t Au and the median grade was 0.68 g/t Au;
 - Grab samples of angular boulders assaying 23.9 and 23.5 g/t Au were also discovered approximately 180 m and 750 m SW and East of the YNot trenches, respectively.
 - October 22, 2018: Subsequent to the end of the quarter, Aurion provided an update on its surface and drilling program at Risti:
 - A total of 44 drillholes and 6,297 m out of 15,000 m planned, were completed since July;
 - Hole 51, 25 m downdip of hole 42 encountered a vein assaying 17.5 g/t over 1.1 m;
 - 10 drillholes within the vicinity of hole 42 were drilled with assays pending on 5 holes;
 - Diamond drilling continues with a 3rd drill rig being added;
 - Extensive trenching occurred over approximately 8 km at other high priority targets (YNot and Notches);
 - 40 trenches were excavated, mapped and channel sampled and assays were pending from the majority of the targets;
 - Trenching has confirmed that many boulder sources are in bedrock immediately beneath or proximal, which appears common across Risti;
 - Over 4,000 prospecting rock samples have been collected across Risti to date, yet only 25-30% of the 15,000 hectares (ha) Risti Property has been systematically prospected. Many new targets have been identified for follow-up in the future.

Mineral Exploration Properties

Finland

The Company began operating in Finland in early 2014 and currently holds tenements covering approximately 200,000 hectares (ha) within the Central Lapland Greenstone Belt (CLGB) of the Fennoscandian Shield – including the Company’s flagship property **Risti** which hosts the **Aamurusko** surface discovery. These land holdings are located approximately 850 kilometers (km) north of the Finnish capital of Helsinki and occur entirely north of the Arctic Circle. The Kittilä gold mine operated by Agnico Eagle Mines Limited (Agnico) is currently Europe’s largest gold mining operation (7.7 M oz Gold: Agnico Annual Report 2015) and is located in the CLGB, approximately 40 km to the northwest of **Aamurusko**, in rock sequences of similar age.

Access to all the properties is very good, with forestry roads extending from paved highways to the otherwise forested and undeveloped property areas. Topography is low and characterized by rolling hills with relief of less than 150 m. There are almost daily flights from Helsinki to the nearby airport in the town of Kittilä.

Most historic, economically important gold deposits of the CLGB occur in direct proximity to the metallogenically important “Sirkka Line” that is centered along the course of the Sirkka Shear Zone (SSZ), a major south dipping thrust fault system showing northeast transport that has been mapped for over 120 km along an east-southeast trend within the CLGB. The SSZ is characterized by numerous sub-parallel splays that also host important, structurally focused gold mineralization such as that present in the Pahtavaara deposit, located 12.4 km east of **Aamurusko**, and the Saattopora deposit located 82 km northwest of **Aamurusko**. A set of north-south trending strike-slip shear zones that depart northward from the SSZ are also important regional controls to gold mineralization, the most important of these currently being the Kiistala Shear Zone that hosts the previously mentioned Kittilä gold mine. The Hanhima Shear Zone (HSZ) parallels the Kiistala structure and is located about 10 km to the west of it. Significant new gold occurrences on the Hanhima trend serve to identify this as an emerging regional-scale gold trend. The Company’s **Sila** property occurs strategically along strike to the north and covers an essentially unexplored, 13 km long interpreted northern extension of the favorable Hanhima trend.

Finland Properties Not Subject to Partnership Agreements:

RISTI

The **Risti** project covers approximately 15,000 ha. The property hosts the Kaarestunturi “paleo-placer” prospect, which was discovered by the Geological Survey of Finland (“GTK”) who completed various studies including 5 shallow diamond drill holes within a small area returning up to 5.2 g/t Au over 5.0 m.

Prospecting and reconnaissance mapping by Aurion in late 2016 resulted in the discovery of a new area of approximately 2.3 km by 3.0 km hosting multiple quartz-tourmaline-Fe-Oxide veins, breccias and stockworks outlined in outcrop, sub outcrop and angular boulders. A total of 525 rock grab samples from this area were collected during 2016 which assayed from nil to 1563.5 g/t Au and 36 samples assayed greater than 31 g/t Au (1 ounce per tonne). Hosted within this area is the **Aamurusko** zone, an area 1150 m long by 700 m wide that produced 133 grab samples averaging 74 g/t Au (see news release dated: February 1, 2017).

Risti/ Kaaresselka

Located approximately 4 km south-southwest of **Aamurusko**, the 315 ha **Kaaresselka** project comprises multiple shear zone hosted gold zones that are up to 16 m wide and 650 m long, adjacent to the Sirkka Shear Zone. Multiple high-grade drill intercepts including 11.0 g/t Au over 4.9 m, 13.5 g/t Au over 2.75 m, and 45.0 g/t Au over 2.0 m have been reported. Mineralization there was initially discovered by GTK who subsequently performed extensive geochemical and geophysical surveying, trenching and diamond drilling. Tertiary Minerals plc. (“Tertiary”), an AIM traded company building a strategic position in the fluorspar sector, acquired the project by staking in 2003 and subsequently completed limited geochemical and geophysical surveys followed by drilling. No exploration has been conducted since 2004. All mineralized zones remain open along strike and down dip.

In 2016 the Company purchased **Kaaresselka** from Tertiary. In addition to **Kaaresselka**, the Company purchased the **Kiekeromaa** gold project. The **Kaaresselka** and **Kiekeromaa** gold projects were considered non-core assets by Tertiary.

Aurion paid £15,000 in cash and issued 83,072 shares to Tertiary for 100% interest in both projects subject to certain royalties including a Pre-Production Royalty of US\$1.00 to \$3.00/ounce gold following the definition of a NI 43-101 (or equivalent) Code compliant Inferred, Indicated and/or Measured Mineral Resource Estimate respectively, on either project. Tertiary will retain a 2% Net Smelter Returns Royalty (“NSR”) on all future gold production from either property of which Aurion can purchase 50% for USD\$1,000,000 at any time prior to commencement of commercial production on either project.

Risti field program 2017/2018

Detailed and regional prospecting, geological mapping, and soil sampling were conducted over **Risti**. Exploration efforts during the summer of 2017 were primarily focused on the high grade **Aamurusko** boulder field. The extent of **Aamurusko** was increased to more than 1.4 km within a greater than 2.5 km wide Northeast-Southwest trending corridor. The **Aamurusko** Zone lies within a broader area of approximately 2.3 km by 3.0 km hosting multiple quartz-tourmaline-Fe-Oxide veins, breccias and stockworks outlined in outcrop, sub outcrop and angular boulders. The limits of these dimensions are constrained only by overburden cover and thus remain open to the Southwest, West and East.

Aurion completed a detailed ground magnetic survey over the **Aamurusko** corridor as well as a 50-100 m spaced resistivity survey and 50-100 m spaced soil survey to aid in drill targeting.

Aurion has received assays for 2,757 rock outcrop, sub-outcrop and boulder samples across the entire Risti project, focussed on multiple regional unconformities over a distance of approximately 20 km. The average assay of all samples was 10.1 g/t Au. Within the **Aamurusko** mineralized corridor, comprising an area measuring 1.4 km long by 2.5 km wide, a total of 1,076 samples of predominantly large and angular quartz (+/- tourmaline +/- Fe-Oxide) blocks have been sampled. The average assay of these samples was 24.7 g/t Au. Many of these samples contained abundant, coarse visible gold.

The samples reported herein are selective grab samples and are not necessarily representative of the real tenor of mineralization within the host rocks, however they demonstrate the abundance of high grade gold present within a robust gold mineralized system. To minimize sampling bias (or “high-grading”), Aurion geologists and prospectors indiscriminately sampled quartz vein material. The quartz vein blocks range from 0.1 m to >3 m wide, trend NE-SW and are hosted by quartzites and polymictic conglomerates of the

Kumpu Group and mafic volcanics of the Sodankyla Group. The conglomerates are interpreted to be unconformably in contact with the mafic volcanics.

A 5,300 m maiden drill program was completed on **Aamurusko** in February of 2018. Significant assays received to date include 3.9 g/t au over 3m (see news release dated: January 17/2018). The first drill hole of the program to intersect significant veining and/or mineralization was AM17013. All subsequent drill holes (AM17014 to AM17021) also encountered zones of quartz veining and stockworking.

It is the Company's belief that these structures represent the source of much of the quartz within the **Aamurusko** trend but it has not yet discovered the source of the high-grade boulders within these structures.

Risti Regional Exploration

Continuing regional reconnaissance prospecting has focused on the regional unconformities between the Kumpu Group clastic sediments and the mafic and ultramafic rocks of the Savukoski Group. This has resulted in several new early-stage gold discoveries throughout the **Risti** project.

Risti Notches discovery

Beginning approximately 3 km east of **Aamurusko**, reconnaissance prospecting has outlined widespread stockwork and breccia-style quartz veins exposed in boulders, suboutcrop and bedrock over a distance of approximately 5 km. A total of 622 samples have been collected so far. The highlights include seven samples which assayed greater than 10 g/t gold, including two which assayed 420 and 622 g/t gold. Coarse visible gold has been noted here.

Risti K2 discovery (Kaaresselka)

A cluster of quartz blocks up to two cubic metres in size was discovered subcropping over a 100 m distance approximately 1.7 km southwest along strike from the **Aamurusko** prospect. These quartz blocks assayed from nil to 166 g/t gold with visible gold noted. Sixty-six samples were collected with eight samples assaying above one g/t gold, including highs of 12.15 g/t and 166 g/t gold. The area between K2 and the southern end of the **Aamurusko** trend is low lying and overburden covered. The K2 discovery is within the boundaries of **Kaaresselka** and is thus subject to the previously described conditions between the Company and Tertiary.

KIEKERÖMAA

Located approximately 7 km south-southwest from **Kutuvuoma**, the 840 ha **Kiekeromaa** project hosts gold mineralization over a strike length of 300 m. The prospect was discovered by Outokumpu Oy in the late 1990s while exploring for base metals. Tertiary acquired the prospect in 2003 by staking the ground and completed a small drill program in 2011. Historic drill intercepts from limited drilling by Outokumpu Oy and Tertiary include 5.8 g/t Au over 5.0 m, 7.4 g/t Au over 2.0 m and 3.6 g/t Au over 4.6 m. The mineralization remains open in all directions.

Kiekeromaa was purchased along with **Kaaresselka** from Tertiary. **Kiekeromaa** is subject to the conditions previously described for **Kaaresselkä**.

RUOPPA

The **Ruoppa** project target comprises an open-ended 2.3 km long zone of anomalous gold samples, within an overall target greater than 7 km long. The mineralization is hosted by a swarm of felsic dykes occurring along the sheared/faulted margin of a granitoid body. The association of quartz-carbonate veins with free gold and high bismuth within felsic dykes is very similar to Agnico Eagle Mines Limited (Agnico”) Kuotko gold deposit (1,800,000 tonnes grading 2.9 g/t Au; see Agnico’s Annual Report).

Additionally, a new target area with similar style mineralization has been identified up to 3 km northeast of the primary target area. Analytical results from 210 rock chip samples collected from outcrop, sub outcrop and angular boulders assayed from nil to 14.4 g/t Au including 25 samples which assayed greater than 1.0 g/t Au. Detailed soil/till geochemical sampling was also conducted on two targets located 2.5 and 2.7 km east and northeast of the main **Ruoppa** prospect. The assay results were anomalous over a wide area demonstrating further work was warranted on these targets.

Field program 2017

Mapping, prospecting and trenching were conducted at **Ruoppa**. Results returned anomalous values and overburden limited the program. Geochemical and geophysical surveys are planned for 2018.

SILA (formerly SILASSELKA)

The **Sila** target covers approximately 11 km along the northern strike extension of the HSZ, within sheared meta-volcanics and meta-sediments sandwiched between two large intrusive bodies. The HSZ south of **Sila** hosts several gold occurrences, which have reported drill intersections of 4.5 g/t Au over 11.7 m and 5.9 g/t Au over 7.5 m (Agnico Annual report 2015).

Aurion has identified extensive mineralization in quartz veins and silicified meta-volcanic and meta-sedimentary rocks. Assays from 56 rock samples collected over a distance of 6.5 km ranged from nil to 219 g/t Au and nil to 5,410 ppm As. Numerous till samples assayed up to 0.7 g/t Au within this trend and up to 1.12 g/t Au elsewhere on the property. The gold-arsenic association at **Sila** is similar to the Kittila deposit.

Sila was acquired along with **Kutuvuoma**, subject to a binding Letter of Intent with from Dragon Mining Limited (“Dragon”) in March 2014. According to the terms of the Letter of Intent, the Company finalized and signed a definitive Purchase Agreement on May 26, 2014. Pursuant to the terms of the Purchase Agreement and subject to regulatory approvals, the Company issued a total of 6,750,000 common shares to Dragon. The Company has also committed to incur a total of €1,000,000 in expenditures on these properties over three years. In addition, Dragon will retain a 3% Net Smelter Royalty (“NSR”) on any deposit mined by the Company within the projects or any defined Area of Interests. The NSR can be purchased at any time on or before the sixth anniversary of signing the Purchase Agreement with a single cash payment of €4,000,000. Upon successful resource definition, the Company will also make bonus payments to Dragon for the sum of €2,000,000 in cash or equivalent in common shares of the Company for the defining of 1,000,000 ounces of gold material and €1,000,000 in cash or equivalent in common shares of the Company for the defining of every additional 1,000,000 ounces of gold equivalent material within the projects and the defined Area of Interests.

On September 1, 2016 the Company notified Dragon that it had fulfilled all the requirements under the agreements thus earning its 100% interest subject to the aforementioned royalties.

Field program 2017

A 500 sample BoT survey was completed at the **Sila** project covering approximately 4.5 km along the northern strike extension of the HSZ.

Finland Properties Subject to Partnership Agreements:

B2GOLD JOINT VENTURE, KUTUVUOMA/ AHVENJARVI

On August 13, 2015, the Company signed a binding Letter Agreement with B2Gold Corp., ("B2Gold"), granting B2Gold the right to earn up to an undivided 75% interest of an approximately 25,000 ha project area that includes the **Kutuvuoma**, and **Ahvenjarvi** projects. Pursuant to the terms of the Letter Agreement, the Company formalized and signed a definitive Option Agreement with B2Gold on January 18, 2016.

Under the terms of the Letter Agreement B2Gold must complete \$5,000,000 in exploration expenditures, pay Aurion \$50,000 cash and issue 550,000 B2Gold shares over 4 years to earn a 51% interest. B2Gold can earn an additional 19% interest by spending a further \$10,000,000 over 2 years. B2Gold can earn an additional 5% interest (for a total of 75%) by completing a bankable feasibility study.

The first-year commitment of \$750,000 in exploration expenditures including 2000 m of drilling and payment of \$50,000 cash and 50,000 B2Gold shares is guaranteed. A finder's fee was paid by the Company with respect to this transaction was settled on April 29, 2016 by the issuance of 1,476,750 common shares at a value of \$0.13 per share. The Company subsequently agreed to a reduced drilling program for the first year.

As of November 29, 2018, B2Gold is in compliance with the terms of the agreement.

KUTUVUOMA

Kutuvuoma was acquired along with **Sila**, subject to a binding Letter of Intent with from Dragon Mining Limited ("Dragon") in March 2014. **Kutuvuoma** is subject to the conditions previously described for **Sila**.

Bedrock geology at **Kutuvuoma** is dominated by east to southeast trending Paleoproterozoic volcanic-sedimentary sequences of the CLGB's Savukoski Group and currently defined gold mineralization on the property occurs in association with sulphide-bearing quartz vein arrays, with disseminated sulphides in altered, albitic, silicious meta-mudstones and meta-igneous rocks as well as in sulphide matrix breccias. The main deposit at **Kutuvuoma** occurs as a moderately west-plunging zone localized along a south dipping, sheared graphitic unit within sheared and altered Savukoski Group country rocks. These include komatiites as well as graphitic-sulphidic schist, fine grained meta-sandstone and thin interbedded marble.

Historical Results

The **Kutuvuoma** deposit is a high-grade, shear zone hosted gold deposit that was discovered in the mid-1990's by Outokumpu Oy, a publicly listed company in which the Finnish state is a controlling shareholder. Outokumpu Oy drilled 47 shallow core and reverse circulation drillholes totalling 3,425 m, testing **Kutuvuoma** within a very small area (approximately 175 m horizontally and 175 m vertically). No other drilling or trenching was conducted since the mid-1990's. Numerous high grade drill intercepts

including 7.2 g/t Au over 19.4 m from 60 m downhole, 13.2 g/t Au over 5.0 m from 88 m downhole and 12.6 g/t Au over 7.0 m from 26 m downhole were recorded from the historical drilling. True width of the mineralization is estimated to be approximately 70-80% of drill intercepts.

Historical exploration prior to Aurion on the large **Kutuvuoma** property has largely been focused in the immediate area of the drilled deposit, with only regional scale surveys being applied to a portion of the rest of the holding.

The **Kutuvuoma** trend has very few natural bedrock exposures, however, with a limited amount of exploration work (and time in the field) trenching, soil sampling, BoT sampling and prospecting has defined an open-ended mineralized trend greater than 5 km long where only limited drilling was conducted in the past, over a small area at the **Kutuvuoma** deposit.

Metallurgical tests undertaken during 2015 to examine the response of two composite surface trench samples to various processes for the concentration and recovery of the contained gold and to get a general view of the project metallurgy. The response of the samples to whole ore cyanide leaching and to concentration by froth flotation and gravity separation was examined by SGS Canada Inc. at their Lakefield Ontario laboratory.

The samples responded well to all of the processes tested, with gold recoveries by a combination of methods in excess of 98% for both samples, including 80-84% recovery by gravity method alone. The material tested indicates the two areas tested would not require any treatment out of the ordinary. A much more extensive program would be required as the project develops.

Field program 2016

Reconnaissance prospecting, geological mapping and trenching were conducted within the joint venture area of interest during this field season with encouraging results. Additionally, following several months of data compilation and analysis, 78 specific exploration targets were identified.

B2Gold initiated a small drill program in September comprising 5 drill holes for 535m. The drill program was designed to test the lateral continuity of the **Kutuvuoma** system. The drill program comprised 5 HQ sized diamond drillholes with total meterage of 535 m. Two holes were drilled west of the **Kutuvuoma** deposit, one into the deposit and two east of the deposit over an aggregate distance of approximately 1 km. The program was designed to test for lateral continuity of the **Kutuvuoma** main mineralized zone east and west of the **Kutuvuoma** deposit.

The best hole of the program was drillhole KU16003 which was drilled into the known deposit. It intersected two mineralized zones, the first zone assayed 8.59 g/t Au over 2.15 m starting at 21.4 m downhole. The second zone assayed 11.37 g/t Au over 13.3 m starting at 71.85 m downhole. The upper zone intersection occurs in the structural hanging wall and represents a promising zone to follow up. Previous hanging wall intercepts include 96.5 g/t Au over 1.2 m from Outokumpu ddh KUV-47, drilled in 1993. The second zone was a twin of Outokumpu ddh KUV-36 which assayed 7.2 g/t Au over 19.4 m, also drilled in 1993.

All holes intersected the main **Kutuvuoma** horizon and were variably mineralized. Hole KU16001 located approximately 370 m west of the **Kutuvuoma** deposit intersected a zone assaying 1.76 g/t Au over 8.85 m starting at 38.55 m downhole. Hole KU16004 was drilled 240 m west of the deposit and intersected a 27.35 m wide zone of anomalous gold assaying 0.1 to 0.4 g/t Au with a best assay of 2.21 g/t Au over 1.2 m starting at 71.1 m downhole. Hole KU16002 was drilled approximately 100 m east of the

deposit and intersected a mineralized zone at 42.55 m downhole which assayed 1.43 g/t Au over 5.05 m. Hole KU16005 was a 650 m step-out to the east of the deposit and intersected a 32.9 m wide zone of anomalous mineralization assaying 0.1-0.4 g/t Au including 2.4 g/t Au over 0.65 m starting at 60.75 m downhole and 10.1 g/t Au over 0.45 m starting at 65.35 m downhole. The deposit remains open at depth and along strike in both directions.

Kutuvuoma 2016 drill results summary

HoleID	From (m)	To (m)	Length (m)	Au (g/t)
KU16001	38.65	47.50	8.85	1.76
Incl	43.45	44.70	1.25	5.60
KU16002	42.55	47.60	5.05	1.67
Incl	46.70	47.60	0.90	6.19
KU16003	21.40	23.55	2.15	8.59
Incl	22.35	23.55	1.20	11.05
And	71.85	85.15	13.3	11.37
Incl	72.40	73.60	1.20	16.65
Incl	76.65	77.30	0.65	26.30
Incl	78.40	79.60	1.20	24.60
Incl	79.60	80.80	1.20	47.00
KU16004	71.10	72.30	1.20	2.21
KU16005	60.75	61.40	0.65	2.41
And	65.35	65.80	0.45	10.10

Note: assay composites were calculated using uncut assays and are reported as drilled lengths. All drill intercepts are downhole widths, true widths appear to be approximately 80-85% of downhole widths but there has been insufficient drilling to date to sufficiently determine true widths.

Field Program 2017

B2Gold advised the company its exploration budget for 2017 was approximately CAN\$3.5 million. The primary target is the **Kutuvuoma** trend where trenching was conducted. Trenching was also conducted at the Tepsa prospect approximately 2 km West-Northwest of **Kutuvuoma**. Extensive property wide BoT sampling program was conducted. Drilling on the **Kutuvuoma**-Tepsa trend was planned. Assays from all programs are being compiled and reviewed.

AHVENJARVI

The **Ahvenjarvi** project is located in Northern Finland, approximately 20 km west of the **Kutuvuoma** property. Mineralization at the property consists of a widespread millimeter to meter scale quartz-tourmaline-pyrite veins hosted by sandstone and conglomerate within a wide zone of strong silica and potassic (sericite and k-feldspar) alteration and brecciation with abundant iron oxide (magnetite and specular hematite) mineralization. Visible gold is common within the veins.

Through 2016, the company has identified Quartz-tourmaline-pyrite veins in angular boulders, sub outcrop and outcrop occurring over a distance of > 2.0 km that have assayed from nil to 33.0 g/t Au. Vein

widths range from 5 cm to >1.5 m wide. The most significant mineralization occurs in a 200m by 200 m area (“Plateau Prospect”) where 54 rock samples of intensely veined, brecciated and sulfide/oxide mineralized material assayed from nil to 33.0 g/t Au including 6 samples which assayed greater than 10 g/t Au (33.0, 17.4, 16.5, 15.7, 14.4 and 13.2 g/t Au). The aforementioned samples are “grab” samples.

Much of this mineralization identified form several parallel trends greater than 500m long over a greater than 2 km distance in a new NE-SW orientation. This trend of mineralization appears to be associated with an interpreted fault system along or parallel to the NE-SW oriented axial plane or center line of a folded sequence of quartzites and mafic volcanics.

Previously a wide zone of gold mineralization to the west of this new mineralization was outlined over an area measuring 2,300m long and up to 700m wide, assaying up to 28.8 g/t Au and averaging 0.81 g/t Au, in a generally north-south orientation, however, the structural control of this mineralization was not understood.

Field Program 2017

A BoT program was performed at **Ahvenjarvi**. Results are being incorporated in the 2018 work program.

KINROSS JOINT VENTURE, OUTA

On January 31, 2018, the Company signed a non-binding LOI with Kinross, giving Kinross the right to earn an undivided 70 % interest in the **Outa** project.

Under the terms of the LOI, Kinross must spend \$5-million (U.S.) over five years to earn a 70-per-cent interest in the project. Kinross has agreed to complete a firm \$1-million (U.S.) exploration expenditure over the first two years. A definitive option agreement was signed on August 17, 2018 pursuant to the terms of the LOI.

OUTA

The **Outa** project covers approximately 15,000 ha in the CLGB of northern Finland. It is primarily underlain by meta-sedimentary rocks (polymictic conglomerates and quartzites) of the Kumpu Group in a setting similar to the Company’s **Risti** project. The Company acquired the project following the discovery of the **Aamurusko** gold prospect in late 2016. Limited historical exploration work by the Geological Survey of Finland (GTK) documented possible paleo-placer style gold mineralization at the south end of the project. Shallow drilling by GTK intersected 121 g/t Au over 1.5 m. Most of the greater than 15 km long unconformity between Kumpu Group clastics and Kittila Group mafic volcanics within the **Outa** project area has never been explored.

Field program 2017

Two days prospecting was completed at **Outa**. Anomalous gold was identified in outcrop up to 0.65 g/t Au. A detailed work program is planned for 2018 looking for mineralization in an **Aamurusko**-like setting.

UNITED STATES

Nevada Properties Not Subject to Partnership Agreements:

BULL

On January 6, 2011, the Company signed an Option Agreement with Genesis, whereby it has an option to purchase a 100% interest in 16 unpatented claims, subject to a 2% NSR, by making annual cash payments starting at US\$10,000 (paid) increasing to a maximum US\$125,000 beginning in year 6. The option to purchase can be executed at any time by making a one-time US\$3,000,000 cash payment less any payments already made. The Company also staked an additional 283 claims covering prospective geology surrounding these claims.

On November 15, 2012, the Company signed a definitive "Exploration, Development and Mine Operating" agreement with Midway Gold US Inc. ("Midway") on the **Bull** project. Under the terms of the agreement Midway can earn an initial 50% interest by completing \$2,000,000 in exploration expenditures over 5 years, upon which it can elect to either declare a 50-50 agreement or spend a further \$2,000,000 over 2 years to earn an additional 20% for a total 70% interest. Midway can also earn an additional 5% (75% total) by arranging mine financing. Midway will also maintain the underlying Option Agreement and make all claims maintenance fees through the agreement. Midway also reimbursed the Company for claims maintenance fees paid in September 2012, of approximately \$53,000. On October 18, 2016, the Company received notice of termination of the Exploration, Development and Mine Operating Agreement with Midway.

On November 5, 2016, the Company signed a Letter Agreement to amend the terms of the Bull Property Option Agreement with Genesis for the second time. Under the terms of the amendment, the lease payment for 2017 will be waived and the lease payments for the years 2018 through 2027 will remain at US\$125,000 per year.

On December 1, 2017, the Company entered into a Restated Mineral Lease and Option to Purchase Agreement to replace the original agreement entered into with Genesis on January 6, 2011 for the Bull Property. Under the terms of the agreement, with US\$10,000 is due on signing and the annual lease payments will resume on December 1, 2018 starting at US\$15,000 and increasing each year to US\$95,000 by 2028. Lease payments for the years 2029 through 2031 will remain at US\$100,000 per year. The option to purchase can be executed at any time by making a one-time US\$3,000,000 cash payment less any payments already made.

The **Bull** property is located in east-central Nevada, approximately 31 km southeast of Eureka, on the southern extension of the prolific Battle Mountain-Eureka Trend, and hosts several small outcrops of gold-bearing jasperoid in a shallow pediment at the contact between the Joanna Limestone and Chainman Shale. In 1992, BHP drilled 7 shallow reverse circulation holes. The best intercept was 3 m of 2.05 g/t Au within a 9.15 m intercept grading 1.15 g/t Au starting at approximately 15 m below the surface. Gold mineralization is associated with low silver, high antimony, arsenic and mercury values typical of the geochemical signature in Carlin-style mineral deposits. The area characterized by shallow cover amenable to surface geochemistry and geophysics.

MEXICO

The Company abandoned its exploration activities in Mexico during 2013 and all associated costs were written down however the Company continues to keep in good standing two mineral concessions that were part of the original land position and purchased from a private individual in 2010.

The Company has no immediate plans to restart operations in Mexico. Costs associated with maintaining the two mineral concessions are written down each year until such time as the Company decides to recommence exploration activities.

Qualified Person

Mike Basha, P. Eng., P. Geo., President and CEO of the Company, a Qualified Person as defined by NI 43-101, is responsible for the preparation of the foregoing property reports.

Selected Annual Financial Information

	2017	2016	2015
	\$	\$	\$
Total income	113,363	53,592	32,070
Operating expenses	4,874,739	834,004	1,353,238
Net loss	4,761,376	780,412	1,321,168
Loss per share	0.08	0.02	0.03
Total assets	27,057,523	3,789,940	1,628,667
Long term liabilities	-	-	-
Dividends	-	-	-

Results of Operations

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
General and Administrative	118,749	139,733	472,212	336,090
Wages and benefits	228,449	95,762	681,436	270,491
Consulting fees	3,190	2,625	10,245	15,825
Professional fees	67,026	46,996	133,735	102,400
Share based payments	700,858	-	700,858	3,144,110
Write-down of exploration and evaluation assets	-	79,304	72,856	121,811
Accounting	13,227	8,311	27,810	24,615
Depreciation	26,766	11,437	70,834	16,500
Interest and bank charges	1,478	3,164	5,331	7,134
Property investigation costs	13,216	-	33,038	-
Unrealized (gain) loss on marketable securities	101,000	(5,924)	148,000	(46,218)
Foreign exchange (gain) loss	(13,760)	4,206	(37,138)	(16,357)
Gain on sale of marketable securities	-	-	(121,664)	-
	1,260,200	385,614	2,197,554	3,976,401
Interest and other income	56,651	20,871	177,853	51,874

- Write-down of exploration and evaluation assets is lower by \$79,304 for the three months ended September 30, 2018 compared to three months ended September 30, 2017 and lower by \$48,955 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This is due to fewer write downs in the current period.

- Wages and benefits are higher by \$132,687 for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and higher by \$410,945 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This is due mainly to new hires for management and seasonal employees in the current period.

- General and administrative costs are lower by \$20,984 for the three months ended September 30, 2018 compared to three months ended September 30, 2017 and higher by \$136,121 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This is due mainly to increased operating costs associated with corporate travel, marketing and attendance at conferences in the current period.

- Consulting fees are higher by \$565 for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and lower by \$5,580 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This is due to the current management structure and re-allocation of duties.

- Professional fees are higher by \$20,030 for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and higher by \$31,335 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 which is due mainly to higher legal fees associated with general corporate matters incurred in the current period.

- Share-based payments expense is higher by \$700,858 for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and lower by \$2,443,252 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to the recording of the fair market value of stock options issued as fully vested in the prior period. The fair market value of stock options issued to directors, officers, employees and consultants in the current period have been recorded upon vesting of the options.

- Total expenses are higher by \$874,588 for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and lower by \$1,778,847 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 mainly due to the recording of share-based payment expense in the prior period which is offset by higher wages and benefits and general increased activity in the current period.

- Interest and other income higher by \$35,780 for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and higher by \$125,979 for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This is due mainly to higher interest income in the current period due to interest earned on short-term deposits.

Quarterly Information

	(\$) Write-down of exploration and evaluation assets	(\$) Other expenses	(\$) Interest & Other Income	(\$) Net Loss	(\$) Basic & Diluted Loss per Share
IFRS					
Q3 - September 30, 2018	-	1,260,200	(56,651)	(1,203,549)	(0.017)
Q2 - June 30, 2018	72,856	556,865	(64,270)	(565,451)	(0.008)
Q1 - March 31, 2018	-	307,632	(56,932)	(250,701)	(0.004)
Q4 - December 31, 2017	19,680	878,658	(61,579)	(836,759)	(0.010)
Q3 - September 30, 2017	79,304	306,309	(20,871)	(364,742)	(0.006)
Q2 - June 30, 2017	5,071	3,431,119	(25,147)	(3,411,044)	(0.056)
Q1 - March 31, 2017	37,437	117,160	(5,766)	(148,831)	(0.003)
Q4 - December 31, 2016	221	192,428	(809)	(193,458)	(0.004)

Financial Condition / Liquidity / Capital Resources

On January 22, 2018, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of \$62,500 (\$0.25 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$27,910 in connection with the exercise.

On January 23, 2018, the Company granted 650,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.00 per share until January 23, 2023. The fair value of the stock options granted was estimated at \$547,103 (\$0.84 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.77%, volatility of 144.6%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on July 23, 2018 and 50% on January 23, 2019. Upon vesting, the Company will record the related share-based payment expense and offsetting credit to reserves.

On March 1, 2018, the Company issued 35,000 common shares pursuant to the exercise of stock options for gross proceeds of \$9,100 (\$0.26 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$9,088 in connection with the exercise.

On March 7, 2018, the Company granted 1,410,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.10 per share until March 7, 2023. The fair value of the stock options granted was estimated at \$1,065,037 (\$0.76 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.94%, volatility of 141.7%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on September 7, 2018 and 50% on March 7, 2019. Upon vesting, the Company will record the related share-based payment expense and offsetting credit to reserves.

During the nine months ended September 30, 2018, the Company recorded share-based payment expense of \$700,858, which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On July 31, 2018, the Company granted 75,000 Deferred Share Units (“DSUs”) to certain officers under its Deferred Share Unit Plan (“DSU Plan”) at a market value of \$0.81 per DSU. These DSUs will vest one third on each of July 31, 2019, July 31, 2020, and July 31, 2021.

On August 27, 2018, the Company issued 175,000 common shares pursuant to the exercise of stock options for gross proceeds of \$37,500 (125,000 options at \$0.26 per share and 50,000 options at \$0.10 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$35,159 in connection with the exercise.

On February 6, 2017, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$13,000 (\$0.26 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$2,700 in connection with the exercise.

On February 24, 2017, the Company issued 5,783,997 common shares at \$1.50 per share for gross proceeds of \$8,675,996 pursuant to a non-brokered private placement. With respect to this transaction, cash finders’ fees of \$520,560, being 6% of the proceeds were paid and 347,039 finders’ warrants were issued, being 6% of the number of common shares issued. The fair value of the finders’ warrants granted was estimated at \$458,263 (\$1.32 per warrant) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 0.75%, volatility of 200%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 2 years. The Company incurred other costs of \$59,140 for total share issuance costs in connection with the non-brokered private placement of \$1,037,963.

On March 14, 2017, the Company issued 83,072 common shares to Tertiary valued at \$1.68 per share (total value of \$139,910) for the purchase of two gold projects from Tertiary pursuant to the terms of a purchase agreement dated December 1, 2016.

On March 27, 2017, the Company issued 25,000 common shares pursuant to the exercise of stock options for gross proceeds of \$6,250 (\$0.25 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$2,790 in connection with the exercise.

On April 4, 2017, the Company issued 575,000 common shares pursuant to the exercise of stock options for gross proceeds of \$76,750 (\$0.13 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$35,370 in connection with the exercise.

On April 12, 2017, the Company granted 2,175,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.75 per share until April 12, 2022. The fair value of the stock options granted was estimated at \$3,451,032 (\$1.45 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 2.04%, volatility of 147.9%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years.

On September 13, 2017, the Company issued 6,853,500 common shares at \$2.32 per share for gross proceeds of \$15,900,120 pursuant to a non-brokered private placement. The Company incurred share issuance costs of \$45,830 in connection with the non-brokered private placement.

On September 14, 2017, the Company issued 17,766 common shares pursuant to the exercise of warrants for gross proceeds of \$26,649 (\$1.50 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$23,485 in connection with the exercise.

On November 3, 2017, the Company issued a total of 250,000 common shares pursuant to the exercise of stock options for gross proceeds of \$49,000. The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$13,500 in connection with the exercise.

On December 27, 2017, the Company issued 7,982 common shares pursuant to the exercise of warrants for gross proceeds of \$11,973 (\$1.50 per share). The Company also recorded a fair value transfer between share-based payments reserve and share capital of \$10,552 in connection with the exercise.

Outstanding Share Data

As at November 26, 2018 the following were outstanding:

69,383,708 common shares
 -Nil- share warrants
 321,291 finders' warrants
 5,975,000 stock options

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Mineral Properties

As at September 30, 2018

Geographical Area	Balance, Beginning of Year	Additions	Receipts From Partners	Properties Written Down	Balance, End of Period
	\$		\$	\$	\$
Finland	5,774,951	5,122,407	(124,503)	(69,720)	10,703,135
Sweden	234,850	102,249	-	-	337,099
United States	494,114	87,119	-	-	581,233
Mexico	-	3,136	-	(3,136)	-
	6,503,915	5,314,911	(124,503)	(72,856)	11,621,467

As at December 31, 2017

Geographical Area	Balance, Beginning of Year	Additions	Receipts From Partners	Properties Written Down	Balance, End of Year
	\$		\$	\$	\$
Finland	1,642,844	4,239,004	-	(106,897)	5,774,951
Sweden	-	264,006	-	(29,156)	234,850
United States	422,326	71,788	-	-	494,114
Mexico	-	5,438	-	(5,438)	-
	2,065,170	4,580,236	-	(141,491)	6,503,915

Transactions with Related Parties

The following represents a summary of transactions with key management of companies controlled by key management of the Company:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Paid to D.R. Loveys & Associates Inc.,				
a company controlled by the former CFO:				
Accounting and management consulting services provided by David Loveys	-	8,775	-	13,200
Amounts expensed as:				
Consulting Fees	-	8,775	-	4,425
Paid to Goodland Buckingham LLP , a company				
in which a Corporate Director is a partner:				
Legal services provided by Dennis Clarke	-	3,185	-	3,185
Amounts expensed as:				
Professional fees	-	3,185	-	3,185
Compensation for key management				
personnel not included above:				
Michael Basha	106,651	259,400	206,651	301,900
David Loveys	38,884	108,450	38,884	108,450
Dennis Clarke	38,884	108,450	38,884	108,450
Other Directors	77,768	-	77,768	-
	262,187	476,300	362,187	518,800
Amounts expensed as:				
Salary and other short-term benefits for the CEO (expensed)	50,000	42,500	150,000	85,000
Directors' Fees (expensed)	80,000	-	80,000	-
Share-based compensation (expensed)	132,187	433,800	132,187	433,800
	262,187	476,300	362,187	518,800

New Accounting Policies

The Company adopted certain new accounting standards and amendments during the year ended December 31, 2017, none of which had a material impact on the Company's financial statements.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company does not expect that the final standard will have any impact on its consolidated financial statements.

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company is evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, which are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables, which is mainly comprised of government tax refunds. Management believes that the credit risk concentration with respect to financial instruments included in the receivables is not significant. The Company holds cash and invests it in interest bearing deposit accounts at its financial institution. Management believes that the associated credit risk for its invested cash is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at September 30, 2018, the Company had cash of \$3,454,632 to settle current liabilities of \$1,110,772. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through equity or partnering transactions. All of the Company's financial liabilities are short-term in nature and are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Company's income or the value of its financial instruments.

(a) Interest rate risk – The Company has cash balances subject to interest rate risk. The Company's current policy is to invest excess cash in either interest bearing deposit accounts or short-term deposit certificates issued by its financial institutions. As of September 30, 2018, the Company held deposits in a short-term

savings accounts at a variable interest rate. A 0.5% change in interest rates would change the Company's net loss by approximately \$47,952. Management believes it has minimal exposure to interest rate risk.

(b) Foreign exchange risk - The Company transacts certain business in Euro, Swedish Kroner, U.S. Dollars and Mexican Pesos, and therefore is subject to foreign exchange risk on certain receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its foreign exchange inflows and outflows. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk, and the risk is minimal. The following table shows the net exposures in US dollars, Swedish Kroner and Euro.

	US\$	Euro	SEK
Cash	59,877	585,383	3,470,335
Receivables	-	282,146	-
Trade payables	-	(359,524)	(7,438)
Net currency exposure	59,877	508,005	3,462,897

Based on the above currency exposures, a 10% change in the value of each currency to the value of the Canadian dollar would impact the Company's net loss by:

	US\$	Euro	SEK
	5,988	50,800	346,290

(c) Equity risk – The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the September 30, 2018 value of the marketable securities every 10% increase or decrease in the share prices of these companies would have impacted the loss for the period, up or down, by approximately \$88,200.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods:

Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate that the carrying value may be impaired, at which time an impairment loss is recorded.

Receivables

The Company reviews its receivables on a regular basis and makes estimates of any amounts which are not expected to be collected. If such doubt exists, an allowance for doubtful accounts will be recorded.

Property and equipment

The Company reviews the estimated useful lives of property and equipment at the end of each reporting period to ensure assumptions are still valid.

Share-based payments

The Company makes certain estimates and assumptions when calculating the fair values of DSUs, stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life and the expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

Functional currency

The Company has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Going concern

The Company must assess its ability to continue as a going concern. Factors that affect this determination include current cash and investments, budgeted expenditures for future periods and the conditions of the market for exploration companies.

Management's Responsibility for Financial Statements

The Board of Directors carries out its responsibility for the consolidated financial statements primarily through the audit committee which is composed primarily of independent, non-executive directors who meet periodically with management and auditors to review financial reporting and internal control matters.

Risks and Uncertainties

The Company is principally involved in mineral exploration which is an inherently high-risk activity. Exploration is also capital intensive and the Company has no sources of funding other than exploration partner financing arrangements with other mining and exploration companies and equity financing. Only the skills of management and staff in mineral exploration and exploration financing serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to attract partners and to raise financing.

The Company is currently evaluating its properties and looking for new business opportunities and has a risk of not finding any property or investment that may lead to profitable operations. There can be no assurances that the shareholders will realize any profits from their investment in the Company and may lose their entire investment.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. Exploration activity is also dependent on the laws of local governments which may change from time to time, and, may have an effect on the Company's exploration programs.

Additional Information

The Company's shares are traded on the TSX Venture Exchange under the stock symbol AU. Financial statements, press releases issued by the Company and all other regulatory filings, including those issued during the three and nine months ended September 30, 2018, are available through www.sedar.com.