Management's Discussion and Analysis
For the year ended December 31, 2017

INTRODUCTION

This management's discussion and analysis (MD&A) of Volcanic Gold Mines Inc. is the responsibility of management and covers the year ended December 31, 2017. The MD&A takes into account information available up to and including April 26, 2018 and should be read together with audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2017 which are available on the SEDAR website at www.sedar.com.

All financial information in this document is prepared in accordance with International Financial Reporting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities for its mineral properties;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve 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 results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions;

as well as those factors referred to in the "Risks and Uncertainties" section in this MD&A.

Forward-looking Statements contained in this MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates;
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels; and
- the accuracy of the Company's current mineral resource estimates.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

DESCRIPTION OF BUSINESS

The Company's business is the acquisition and exploration of mineral properties, focused on consolidating a land package in under-explored countries of West Africa. To date, the Company has acquired an interest in the Mandiana Project in Guinea, and has signed an option agreement on the La Debo and Soubré gold properties located in the Ivory Coast.

On January 19, 2017, the Company changed its name from Volcanic Metals Corp. to Volcanic Gold Mines Inc. and is trading on the TSX Venture Exchange ("TSX-V") under the symbol "VG". During the current period, it raised gross proceeds totalling $6.0 million from two private placement financings. As well, Jeremy Crozier, Robert Schafer, and Simon Ridgway joined the Board of Directors, Mr. Crozier was appointed as President and CEO of the Company, and Alexander Langer was appointed to the new position of Vice-President, Capital Markets of the Company.

EXPLORATION REVIEW

La Debo and Soubré Properties, Ivory Coast

In March 2018, the Company entered into a binding Memorandum of Understanding (the "Agreement") to acquire up to 100% of JOFEMA Mineral Resources SARL ("JOFEMA"), a private company registered in the Ivory Coast. The assets of JOFEMA under option consist of near-adjacent exploration permits and exploration permit renewals known as La Debo and Soubré (the "Properties"), which together cover an area in excess of 600 square kilometres, and fall on a major mineralizing shear zone within one of West Africa's fastest developing gold provinces. JOFEMA holds a direct 100% interest in the Properties.

This acquisition will complement the Company's existing property holdings in the Mandiana district of Guinea, and allow the Company to benefit from a valuable consolidation opportunity in a leading African mining jurisdiction. The Company remains committed to the advancement of its Guinean assets.

JOFEMA has completed over 18,000 metres of reverse-circulation and diamond drilling at La Debo, as well as nearly 40,000 m of RAB, air-core and auger drilling at the property. In 2016 an Inferred Mineral Resource[1] of 9.5 million tonnes at a grade of 1.3 g/t for 396,000 ounces of gold was defined in two small isolated bodies. This Resource has not been verified by the Company and is therefore historic in nature. Over 7,500 surface geochemical samples were collected at La Debo, and on the basis of these data, in combination with limited RAB drilling results, a number of large, consistent targets are observable along strike from the historic Resource, and remain largely untested.

Of particular interest are extensive and continuous soil geochemical anomalies occurring within recognizable and persistent structural zones in proximity to igneous intrusions at La Debo, and Soubré. Importantly, such a combination of circumstances gives rise to gold mineralization of economic proportion elsewhere within the Birimian rocks of the Ivory Coast, a notable example being the nearby Bonikro Mine (Indicated Mineral Resource of 1.3 million ounces at 1.4 g/t Au and Inferred Mineral Resource of 0.77 million ounces at 0.92 g/t Au in 2010[2]). The anomalies at La Debo and La Debo South cover a continuous area of approximately 10 square kilometres, and have been subject of minimal drill testing, which leave important mineralized structures open laterally and at depth. At La Debo, for example, four consecutive shallow RAB holes at 20 metre intervals within the soil anomaly end in >1 g/t Au assays; however, to date no follow-up of this target has occurred, and elsewhere follow-up is minimal. Further extensive gold in soil anomalism is observed at Soubré, where it is similarly juxtaposed to geological structures. Each of these targets provides the Company with the opportunity to potentially grow its resource[1] base using existing data and low-cost conventional exploration drilling techniques.

The Properties are located in southwestern Ivory Coast, approximately 140 kilometres southwest of the capital, Yamoussoukro, and are accessible via all-weather roads. A power line crosses La Debo in the vicinity of the historic Resource. In 2016 the Fraser Institute ranked the Ivory Coast first in Africa for Investment Attractiveness (https://www.fraserinstitute.org/sites/default/files/survey-of-mining-companies-2016.pdf).

1 The reader is advised that these results are historic in nature and are yet to be verified by the Company.
2 http://www.newcrest.com.au/media/resource_reserves/2011/Bonikro_Mineral_Resource_Competent_Persons_Statement_250111.pdf

The Agreement

Subject to the Company completing satisfactory due diligence and to stock exchange approval, the Company will have the exclusive right to acquire up to 100% of the issued shares of JOFEMA, by incurring exploration expenditures ("Expenditures") on the Properties over a period of three years totaling US$5 million, and making cash and share payments to JOFEMA. Within 90 days of the fulfilment of the Expenditures, Company shall have the right to either:

(a) acquire an initial 65% interest in JOFEMA by paying US$2,000,000 in cash and US$2,000,000 in shares of the Company to JOFEMA, and thereafter, continuing to fund further exploration of the Properties. The other shareholders (the "Minority Shareholders") of JOFEMA may elect to co-fund such exploration pro rata to their own shareholding. Where the Minority Shareholders do not co-fund further exploration, then the Company may dilute them to 10% by incurring an additional US$3,750,000 in Expenditures.

    If the Minority Shareholders are diluted to a holding of less than 10% of the total issued share capital of JOFEMA, then the Company may, at any time thereafter, purchase the remaining equity of the Minority Shareholders for

US$2,000,000 in cash and US$2,000,000 in shares of the Company, or the Company must, at the Minority Shareholders' election at any time after a period of 6 months from when their shareholding has been diluted, purchase the remaining JOFEMA equity for US$2,000,000 in cash and US$2,000,000 in shares of the Company.

or:

(b) acquire a 100% interest in JOFEMA by paying JOFEMA US$4,000,000 in cash, and US$4,000,000 in shares of the Company.

Mandiana Project, Guinea

In January 2017, the Company completed the acquisition of a 75% interest in the Mandiana Project, a gold property located in the Republic of Guinea, from Sovereign Mines of Africa PLC ("SMA").

The Mandiana Project consists of two contiguous exploration permits which cover an area of approximately 304 square kilometres situated approximately 80 kilometres southeast of AngloGold Ashanti's Siguiri gold mine in eastern Guinea. The Mandiana Project permits occupy a broadly north-south trending belt of gold occurrences shown on the published 1:1,000,000 map of gold deposits and lie within an area known as the Siguiri Basin. Intense artisanal gold mining is conducted throughout the area of the claims and supports the local economy.

The northern of the two claim blocks is the only area that has seen recorded modern exploration activity. Between 2010 and 2013, SMA drilled 119 reverse-circulation and diamond core holes for a total of over 16,000 metres of drilling, targeting under the areas of the artisanal mining activity. A Mineral Resource Statement for the Mandiana Project was issued by SMA in January 2014, prepared to JORC Code standards by SRK Consulting (UK) Ltd. The Company retained the services of SRK Consulting (Canada) Ltd. ("SRK") to update SMA's technical report to NI 43-101 standards and re issued a new Mineral Resource statement for Mandiana.

The Mandiana Project contains an Inferred Mineral Resource of 612,000 oz of contained gold (16.1 Mt at 1.18 g/t Au) for the four deposits drilled by SMA, including 510,000 oz of contained gold (13.3 Mt at 1.20 g/t Au) in the Yagbelen deposit. The Inferred Mineral Resource is given in the following table:

Category	**Deposit**	**Quantity**	**Gold Grade**	**Contained Gold**
		Mt	**g/t**	**oz**
Inferred	Yagbelen	13.3	1.20	510,000
	Foulouni	0.7	1.13	25,000
	Woyondjan	1.9	0.99	61,000
	Damantere	0.2	2.21	16,000
Inferred	Total	16.1	1.18	612,000

Note: Mineral resources are reported in relation to a conceptual pit shell. Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Open pit mineral resources are reported at a cut-off grade of 0.3 g/t gold.

Exploration Update

In April 2017, the Company initiated a drilling program at Mandiana, and to mid-July had completed a total of just over 1,500 metres of reverse-circulation ("RC") and diamond drilling, and over 11,000 metres of air core drilling. The program to date results in the expansion of the strike potential of the Yagbelen Resource at Mandiana by approximately 1,000 metres, and its lateral potential by up to 500 metres. The program has also demonstrated the efficacy of air-core drilling as an exploration and target definition technique. Results are reported for the initial holes of this program.

RC and diamond drilling were completed within, and in the immediate surroundings of the Inferred Mineral Resource (the "Resource") at Yagbelen, as previously defined by Sovereign Mines of Africa (as announced on November 8, 2016). Initial RC results of the Company's infill program include:

Hole		**From** (metres)	**To** (metres)	**Interval** (metres)	**Gold Grade (g/t)** (uncut)
17GRC119		76	81	5	2.68
	incl.	78	80	2	4.61
17GRC120		1	2	1	50.00
17GRC121		51	55	4	2.40
		66	69	3	7.16
	incl.	67	68	1	16.90
		78	**89**	**11**	**2.08**
	incl.	78	80	2	4.51
		101	**124**	**23**	**2.21**
	incl.	103	108	5	6.11
17GRC122		45	48	3	1.21
		70	72	2	1.55
		89	**157**	**68**	**2.01**
	incl.	91	100	9	3.76
	incl.	122	128	6	4.03
	incl.	143	149	6	4.93
17GRC123		**61**	**75**	**14**	**2.73**
		79	94	15	1.21

As well as serving to infill the Resource, the RC and diamond drilling has also allowed the Company to gather extremely valuable information on the geological controls on mineralization. Based on work completed to date, gold mineralization is seen to occur preferentially in a series of bedded sandstone units; these units are repeated in all holes, and their characteristics will serve as a key targeting tool in the Company's planned resource drilling program.

Closed-spaced air-core ("AC") drilling has been successfully deployed in the identification of extensions to the north, east and south of the Resource, showing the mineralized target area surrounding and along strike from the Resource to be over 3 kilometres in length, up to 500 metres in width and consisting of multiple parallel zones. This mineralized area is considerably larger than the surface projection of the Resource thereby indicating the potential to significantly increase this Resource. Note that the maximum downhole depth from collar of AC drilling is 40 metres for the entire Yagbelen program. AC results therefore likely represent the surface expression of underlying mineralization.

Highlights of the AC drilling program are as follows:

Hole	**From** (metres)	**To** (metres)	**Interval** (metres)	**Gold Grade (g/t)** (at a cut-off grade of 0.5 g/t Au)
17YAC0030	24	28	4	2.27
17YAC0076	**8**	**28**	**20**	**6.43**
17YAC0088	20	24	4	2.08
17YAC0095	8	20	12	1.67
17YAC0133	**36**	**40**	**4**	**10.4**
17YAC0153	12	16	4	2.25
17YAC0184	**0**	**12**	**12**	**6.34**
17YAC0205	28	32	4	3.14
17YAC0244	32	36	4	1.92

The AC drilling was performed in grid-like fashion on a series of "fences" established at 100-200 metre intervals, along which inclined holes were drilled at 40-50 metre spacings. AC drilling allows rapid, low-cost exploration beneath cover with the objective of providing targeting information for further mineralization. It has been used very effectively by the Company in the identification and refinement of resource targets for subsequent reverse circulation ("RC") and diamond drilling. The Company's near- term plan is to conduct such drilling within the target area identified by AC drilling, with the objective of defining an expanded resource.

During June 2017, the Company commenced a mapping and prospecting program at the Mandiana Project. Recent field activities have focused on a linear zone of artisanal workings 6.3 kilometres in length and up to 550 metres in width at Tadibakourou, at which coarse gold has been recovered from numerous shallow pits and shafts.

Mapping has led to the identification of numerous artisanal pits and shafts from which gold is routinely recovered from vein quartz material by means of gravitational concentration. Anecdotally, gold recoveries of up to 2 kg per shaft – some of which extend to depths in excess of 70 metres - are reported. The workings fall in close north-south alignment to one another, and frequently associate with large, readily discernible haloes of white kaolinitic alteration which further facilitate their mapping. Mineralization at Tadibakourou, Yagbelen and Woyandian is now interpreted to relate to a series of sub-structures within a broader mineralizing structural trend. From workings at each of these deposits, important inference as to the resource potential of Tadibakourou can be made.

The Company intends to test the Tadibakourou deposit by means of air-core drilling in the first quarter of 2018, as the next step for moving the deposit to resource definition. It is envisaged that a similar exploration approach as deployed by the Company as at Yagbelen (see news release July 12, 2017) be adopted in drilling at Tadibakourou.

Of great significance is that artisanal workings at Mandiana are seen to follow the same north-south mineralized trend common in known deposits in the region, including the Siguiri Mine, 80 kilometres to the north. Past drilling beneath approximately 1 kilometre of strike length of such workings at Mandiana led to definition of the Resource, as well as numerous outlying bedrock and saprolitic gold occurrences.

Artisanal workings are typically shallow, sparsely populated, and restricted to examination of laterite and saprolite above the water table. Due to the shallow occurrence of coarse gold in the laterite, artisanal diggers make highly effective and meticulous use of metal detectors in their search for gold. Having identified gold and quartz rubble, diggers then excavate in search of further vein material and gold. Many kilometres of artisanal workings remain to be drill tested.

Quality Assurance and Quality Control. Drill chip sampling at Mandiana followed a standardized protocol to ensure the collection of representative and unbiased quantities of material from each sample. Samples were collected from the Company's Mandiana field operations by SGS Mineral Services of Bamako, Mali, and were transported directly to the assay facilities thereof, at which they were analysed for gold by means of fire assay, in accordance with analytical method FAA505. In this procedure, a 50g sample is fused with a litharge based flux; the resulting prill is then dissolved in aqua regia, from which gold content is then determined by flame AAS at a detection Limit 0.01 ppm. The Company routinely inserted appropriate standards and blanks into its sample stream at Mandiana, and additionally collected regular field duplicate samples.

Project Update

As announced in February 2018, due to intransigence on the part of the Administrateur Général of its Guinean operating subsidiary, Guiord SA ("Guiord"), the Company is not presently able to gain access to its Mandiana project in Guinea and has therefore postponed drilling activities at the Project. The work program, originally to commence during the month of January, was to include drilling of a linear zone of artisanal workings 6.3 kilometres in length and up to 550 metres in width at Tadibakourou, at which coarse gold has been recovered from numerous shallow pits and shafts, as reported on July 26, 2017.

Local regulations require that the Administrateur Général of Guiord ("Administrateur") take certain routine administrative actions in order for the intended site activities to occur. While the necessary arrangements are straightforward and rapid to implement, the execution thereof has been stalled by the Administrateur in an apparent attempt to force upon the Company a non-arm's length service contract totally unacceptable to the Company.

The Company is taking decisive steps to resolve this matter, including a corporate restructuring of Guiord which will permit the Company's management to directly conduct the activities of Guiord and commence the planned drilling program on the Mandiana project.

The Company holds an indirect 75% interest in the issued capital of Guiord, a company incorporated under the laws of the Republic of Guinea. The remaining 25% of Guiord's issued capital is indirectly held by SOGUIPAMI, the *Société Guinéenne du Patrimoine Minier*, a state entity formed for the promotion of the mining and exploration interests in Guinea. Management of the Company appreciates the positive support of SOGUIPAMI, and the Government and People of Guinea in the conduct of its business.

All but one of the exploration licences comprising Guiord's landholding at Mandiana are in good standing until October 2018. The licence covering the northern portion of the Mandiana Project, in which the mineral resource occurs, has an expiry date of March 30, 2018. The Company submitted a two-year renewal application in the prescribed manner in advance of the expiry date, but the renewal process with the mining authority remains ongoing. Under Guinea mining law, this licence is not ordinarily permitted to be extended in the form of exploration tenure as the maximum number of renewals have previously been granted, but the mining authority is considering the Company's renewal application and has just completed an audit of the Company's operations and expenditures on this ground. No negative comments have been received as a result of this audit; however, whether the licence renewal will be approved is uncertain at this time.

Seimana Project, Guinea

In early May 2017, the Company entered into a binding and exclusive Memorandum of Understanding to acquire an initial 70% interest in the Seimana Project in Guinea, subject to the execution of a Definitive Agreement, and renewal of the mineral tenures that collectively comprise the Property. This interest may be further increased to 100% through additional project expenditures. Seimana comprises four exploration permits, which together adjoin much of the western boundary of the Company's existing Mandiana Project ("Mandiana"), as well as the lands comprising the WAMA Project. The acquisition of the Seimana Project will expand the Company's holding in the Mandiana district of highly prospective Birimian terrain, characterized by widespread, linear zones of shallow artisanal gold mining.

Exploration at Seimana in 2014 and 2015 by a former option holder included the drilling of 31 reverse circulation holes for a total of approximately 3,000 metres of drilling over 9 of the 40 reported targets. In much the same fashion as drilling works conducted at the Mandiana Project – to which Seimana is geologically similar - these targets were derived from artisanal workings. Drilling results include:

- 4m @ 19.8g/t from 50m in hole TAMRC001
- 5m @ 2.64g/t from 61m in hole TAMRC002
- 10m @ 2.58g/t from 36m in hole KROURC001
- 5m @ 2.02g/t from 55m and 3m @ 3.50g/t from 66m in hole KROURC002
- 3m @ 5.6g/t from 26m in hole KOTRC001
- 3m @ 5.06g/t from 21m and 3m @ 3.50g/t from 66m in hole KRDRC002

Note: The reader is advised that the above results are historic in nature and are yet to be verified by the Company.

Earlier works at the Seimana Project include surface geochemical and rock-chip sampling, and broad prospecting of artisanal workings over much of the property. Mineralization at Seimana lies along strike from Avocet Mining's Resource[1] of 1.99 million ounces (Measured and Indicated) and 1.02 million ounces (Inferred) of gold at the Tri-K property, located 7 kilometres to the south of the Seimana Project. Mineralization appears to be associated with NW trending geological structures, in common with other known gold deposits within the Siguiri Basin. Renewal of the mineral tenures that comprise the Property by the underlying parties has yet to occur, and as such the Company has not entered into a Definitive Agreement in this regard.

[1]*Competent Persons' Report, 31 December 2014 (JORC standards)*

WAMA Project, Guinea

In April 2017, the Company entered into an option agreement to acquire from West African Associates SARL ("WAMA"), a private Guinean company, an indirect 80% interest in two exploration permits and three semi-industrial mining permits (the "WAMA Project") which adjoin the entire length of the southern boundary of, and lie within the same mineralized trends as the Mandiana Project.

In 2017, the Company completed a total of almost 1,300 metres of reverse-circulation ("RC"), and over 4,000 metres of air-core drilling, at the WAMA property. Drilling took place within, and in the immediate surroundings of an area of historic drilling and artisanal gold workings at Farabakorou (see news release on April 18, 2017). RC drilling by the Company confirms the presence of vein-hosted mineralized intervals proximal to those returned by WAMA.

While the Company is encouraged by the results of this program and the mineralized potential that these represent, the historic drilling intervals reported by WAMA could not themselves be reproduced. As such, the Company determined that it was not in a position to proceed with the acquisition of the Property on the basis of the original option terms, and sought to renegotiate as revised option agreement with WAMA whereby the Company would have the option to acquire a majority interest in the Property through direct exploration expenditures, thereby reducing or eliminating shareholder dilution. However, the Company and WAMA did not come to an agreement on new option terms, and as a result, the Company no longer has an interest in the WAMA Project.

Simon Meadows Smith, consulting geologist to the Company, is a Qualified Person as defined by National Instrument 43-101 -- Standards of Disclosure for Mineral Projects, and has reviewed and approved the disclosure of technical information contained in this MD&A. Mr. Meadows-Smith holds a BSc degree in geology from Nottingham University, England, and has been involved in mineral exploration since 1988, including 20 years of experience working in West Africa. He is a Fellow in good standing of the Institute of Materials, Minerals & Mining in London.

SELECTED ANNUAL INFORMATION

The following table provides financial results for the years ended December 31, 2017, 2017 and 2016:

		2017		**2016**		**2015**
Exploration expenditures	$	2,825,047	$	247,254	$	5,456
Loss and comprehensive loss attributed to equity shareholders of the Company		6,403,352		429,543		116,095
Basic and diluted loss per share attributed to equity shareholders of the Company		0.15		0.03		0.01
Total assets		3,959,216		479,719		418,516
Total liabilities		182,991		311,424		122,245
Non-controlling interest		490,843		-		-
Working capital		1,048,676		168,295		296,271

RESULT OF OPERATIONS

All references to 'loss' in the results of operations discussion below refers to the loss attributed to equity shareholders of the Company.

Quarter ended December 31, 2017

During the quarter ended December 31, 2017 the Company incurred a loss $1,288,345, compared to a loss of $311,930 for the quarter ended December 31, 2016. Significant expenses for the quarters ended December 31, 2017 and 2016 are as follows:

		2017		2016
Exploration expenditures	$	232,274	$	191,163
Consulting and management fees		57,446		15,000
Investor relations		135,504		-
Office and administration		28,337		7,767
Professional fees		38,882		52,560
Salaries and benefits		22,357		-
Travel		77,041		35,877

The Company incurred a significantly higher loss for the current quarter due to an increase in corporate costs, whereas the Company had minimal corporate activity during the comparative quarter. Consulting and management fees for the current quarter include a portion of the fees paid to the CEO and President of the Company and fees paid or accrued to the VP, Capital Markets and a director providing advisory services, whereas the comparative quarter costs were related to fees paid or accrued to the former CEO. Current quarter consulting fees also include costs for non-related service providers. Investor relations costs include agreements with third parties for capital market consulting and corporate development. Office and administration costs relate mostly to an administrative cost sharing agreement with Gold Group Management Inc. ("Gold Group"), a private company controlled by a director that includes rent and other support services for the corporate office. Salaries and benefits costs relate primarily to Gold Group which provides administrative personnel, including the Company's CFO and Corporate Secretary.

Year ended December 31, 2017

During the year ended December 31, 2017 the Company incurred a loss of $6,403,352, compared to a loss of $429,543 for the year ended December 31, 2016. Significant expenses and recoveries for the year ended December 31, 2017 and 2016 are as follows:

		2017		2016
Exploration expenditures	$	2,825,047	$	247,254
Consulting and management fees		241,641		60,000
Investor relations		546,650		-
Office and administration		104,867		15,003
Professional fees		71,525		59,840
Regulatory and filing fees		23,027		20,507
Salaries and benefits		89,560		-
Share-based payments (relating to value of stock option grants)		1,830,353		-
Travel		155,684		35,877
Write-off of deferred acquisition costs		693,337		-
Recovery on write-off of accounts payables		49,750		8,938

The Company incurred a significantly higher loss for the current year due to exploration activities on the Company's mineral properties and an increase in corporate costs, whereas the Company had significantly less exploration activity and minimal corporate costs during the comparative year.

Exploration costs for the current year are related to activity at the Mandiana, WAMA, and Seimana projects and in other parts of Guinea. During the current year, the Company decided to not continue with its option agreement on the WAMA property and as a result, deferred acquisition costs totalling $693,337 were charged to operations during the current year. The current year was also significantly impacted by a non-cash share-based compensation expense of $1,830,353 that relates to the value of stock options granted during the current year and vested immediately.

As in the quarterly comparison, consulting and management fees partially consist of a portion of the fees paid to the CEO and President of the Company and fees paid or accrued to the VP, Capital Markets and a director providing advisory services plus fees paid or accrued to Radius for personnel costs prior to the Mandiana acquisition, whereas the comparative year costs were related to fees paid or accrued to the former CEO. Investor relations costs, office and administration and salaries and benefits are for the same services described in the quarterly comparison. Professional fees relate mostly to legal fees associated with corporate and property transaction activity and audit fees, as well as accounting services provided by the former CFO. The current year recovery on write-off of accounts payable relates to an amount owing to a director of the Company for past services, a portion of which the director agreed to waive.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly mineral properties, working capital balance and operating results over the last eight quarters are summarized as follows:

	Dec '17	Sept '17	June '17	Mar '17	Dec '16	Sept '16	June '16	Mar '16
Total assets	$ 3,959,216	$ 4,710,674	$ 6,026,223	$ 7,460,714	$ 479,719	$ 358,175	$ 395,018	$ 402,751
Mineral properties	2,605,605	2,001,276	2,001,276	2,001,276	-	-	-	-
Working capital	1,048,676	1,641,285	2,493,624	5,050,971	168,295	178,658	246,569	269,775
Loss and comprehensive loss attributed to equity shareholders of the Company	1,288,345	857,938	1,800,330	2,456,739	429,543	67,911	23,206	26,496
Basic and diluted loss per share attributed to equity shareholders of the Company	0.02	0.02	0.04	0.07	0.03	0.00	0.00	0.00

For the quarters presented, the Company had minimal business activity up to the quarter ended September 30, 2016. With property investigation activities in the latter part of 2016 and the completion of the Mandiana property acquisition in the quarter ended March 31, 2017, the Company became significantly more active and hired a new President of the Company and engaged several consultants. As a result, there was an increase in operating expenses starting with the quarter ended December 31, 2016 and a larger increase for the four most recent quarters with exploration activity on the Mandiana, WAMA, and Seimana Projects. The loss for the quarters ended June 30, 2017 and March 31, 2017 include a non-cash share-based compensation expense of $98,123 and $1,732,230, respectively, whereas there was no such expense for the other quarters presented.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had working capital of $1,048,676. The Company has financed its operations to date primarily through the issuance of common shares. The Company's exploration activities do not provide a source of income and therefore the Company has a history of losses and an accumulated deficit.

During the year ended December 31, 2017, the Company completed equity financings to raise gross proceeds of $6.0 million, and received $420,625 from the exercise of 8,082,500 warrants. The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs and to carry out planned exploration activities over the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

Net cash used in operating activities during the year ended December 31, 2017 was $4,250,184 (2016: $245,580).

Net cash used in investing activities during the year ended December 31, 2017 was $949,673 (2016: $Nil).

Net cash provided from financing activities during the year ended December 31, 2017 was $5,882,227 (2016: $301,567).

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital as and when needed.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significant of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and long-term deposits are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

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

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held in accounts at a large Canadian financial institution. The Company has no investment in asset backed commercial paper.

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 manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2017, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. During the year ended December 31, 2017, the Company operated in Canada and the Republic of Guinea. A substantial portion of the Company's expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2017 and 2016, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	2017		2016
	US Dollars (CDN equivalent)	**Guinea Franc (CDN equivalent)**	**US Dollars (CDN equivalent)**
Cash	$ 20,134	$ -	$ 18,295
Amounts receivable	-	2,638	-
Accounts payable and accrued liabilities	(56,997)	-	-
Net exposure	**$ (36,863)**	**$ 2,638**	**$ 18,295**

Based on the above net exposure as at December 31, 2017, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $3,400 in the Company's net loss and comprehensive loss for the year ended December 31, 2017 (2016: $1,800).

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

OUTSTANDING SHARE DATA

At the date of this MD&A, the Company had outstanding 45,886,538 common shares and the following stock options and warrants:

No. of options	Exercise price	Expiry date
3,850,000	$0.60	March 14, 2027
225,000	$0.60	June 26, 2027
4,075,000		

No. of warrants	Exercise price	Expiry date
3,250,834	$0.25	July 5, 2018[1]
2,000,000	$0.05	January 17, 2019[2]
12,958,675	$0.80	March 8, 2022
18,209,509		

[1] In 2017, the Company extended the expiry date from January 5, 2018 to July 5, 2018
[2] In 2016, the Company extended the expiry date from January 17, 2017 to January 17, 2019

TRANSACTIONS WITH RELATED PARTIES

The Company had transactions during the years ended December 31, 2017 and 2016 with related parties consisting of directors, officers and the following companies with common directors or officers:

Related party	Nature of transactions
Radius	Shared administrative and exploration related charges
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Consulting services
Andros Capital Corp. ("Andros")	Consulting services

Balances and transactions with related parties are as follows:

a) During the periods ended December 31, 2017 and 2016, the Company reimbursed Gold Group, a private company controlled by a director of the company, for the following costs:

	Three months ended December 31,		Year ended December 31,	
	2017	**2016**	**2017**	**2016**
General and administrative expenses:				
Office and administration	$ 18,562	$ -	$ 68,631	$ -
Salaries and benefits	22,357	-	85,825	-
Shareholder communications	71	-	2,491	-
Transfer agent and regulatory fees	50	-	7,999	-
Travel and accommodation	2,780	-	30,584	-
	$ 43,820	**$ -**	**$ 195,530**	**$ -**

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the year ended December 31, 2017 include those for the Chief Financial Officer and the Corporate Secretary.

b) During the year ended December 31, 2017, the Company reimbursed Radius, a company with a common director, $55,051 (2016: $Nil) for personnel, investor relations and travel costs incurred on the Company's behalf.

c) During the year ended December 31, 2017, an amount of $49,750 owing to a director for past services was waived by the director and written off by the Company.

d) Long-term deposits as of December 31, 2017 consists of $61,000 (2016: $Nil) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

e) Included in accounts payable and accrued liabilities as of December 31, 2017 was $18,411 (2016: $Nil) owing to Gold Group, $76,197 (2016: $160,000) owing to directors and officers of the Company, and $Nil (2016: $102,076) owing to Radius. The amount for Gold Group is due on a monthly basis and secured by a deposit. The amounts owing to directors and officers are unsecured, interest-free and have no specific terms of repayment.

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 2017 and 2016 are the following items paid or accrued to key management personnel and/or companies with common directors.

	Three months ended December 31,		Year ended December 31,	
	2017	**2016**	**2017**	**2016**
General and administrative expenses:				
Consulting and management fees	$ 90,000	$ 15,000	$ 163,200	$ 60,000
Salaries and benefits	9,763	-	26,722	-
Professional fees - accounting	-	1,910	5,000	9,190
Share-based compensation (value of stock option grants)	337,447	-	1,034,838	-
Exploration expenditures:				
Project management	36,000	-	138,900	-
	$ 473,210	**$ 16,910**	**$ 1,368,660**	**$ 69,190**

The value of stock option grants recorded as share-based compensation made to directors not specified as key management personnel during the year ended December 31, 2017 was $134,979 (2016: $Nil).

FUTURE ACCOUNTING CHANGES

The Company will be required to adopt the following standard and amendments issued by the IASB as described below.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Effective for the Company's annual period beginning January 1, 2018. The Company does not anticipate the adoption of IFRS 9 will have a material impact on its consolidated financial statements.

IFRS 16 Leases

Issued by IASB January 2016

Effective for annual periods beginning January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company is in the process of evaluating the impact of IFRS 16 on its consolidated financial statements.

RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business in the mineral exploration industry. Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as, but not limited to, the following:

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

The Company's mineral properties are located in countries in West Africa, which currently suffers from certain governance issues and a stressed economic and business climate. Operations in the West Africa are consequently subject to a higher level of risk compared to less economically stressed and more politically stable countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in such nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration expenditures in US dollars and Guinean francs. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar and Guinean franc could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are of consideration in the Republic of Guinea, the Company's primary area of operation, due to the existence of poverty. These social risks could have an adverse impact on the efficiency of performing planned exploration activities.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.