

PINECREST RESOURCES LTD.

Interim Management's Discussion and Analysis – Quarterly Highlights

For the Period Ended September 30, 2018

(Expressed in Canadian Dollars - Unaudited)

Introduction

Pinecrest Resources Ltd. and its subsidiary engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (the "Exchange") (TSX-V: PCR) and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

This interim Management Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of Pinecrest Resources Ltd. ("Pinecrest" or the "Company") for the period ended September 30, 2018. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of November 13, 2018. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Forward Looking Statements and Risk Factors

This interim MD&A includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

For a detailed listing of the risk factors, please refer to the Company's annual MD&A for the year ended December 31, 2017.

Results of Operations

As at September 30, 2018, the Company had total assets of \$14,638,131 (December 31, 2017 - \$14,623,657), consisting primarily of cash, short-term investment and exploration and evaluation assets.

For the three months ended September 30, 2018, the Company recorded a net loss of \$127,404 or \$0.00 loss per share compared to a net loss of \$287,970 or \$0.00 loss per share during the same period in the prior year.

Management fees were \$48,625 during the three months ended September 30, 2018 (2017 - \$20,288). The increase in expense in 2018 was due to the Company no longer capitalizing a portion of management fees into exploration assets. A percentage of management fees were capitalized into exploration assets during 2017.

Share-based compensation was \$35,268 during the three months ended September 30, 2018 (2017 - \$167,571). The higher expense during 2017 was due to the vesting of 2,600,000 stock options that were granted to directors, officers, and consultants of the Company during Q2 2017. No options were granted in 2018.

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For the nine months ended September 30, 2018, the Company recorded a net loss of \$453,269 or \$0.01 loss per share compared to a net loss of \$722,177 or \$0.01 loss per share during the same period in the prior year.

Management fees were \$148,219 during the nine months ended September 30, 2018 (2017 - \$48,300). The increase in expense in 2018 was due to the Company's CEO receiving monthly remuneration during the entire period and the Company no longer capitalizing a portion of management fees into exploration assets. The Company's CEO did not start receiving management fees until June 2017.

Share-based compensation was \$170,753 during the nine months ended September 30, 2018 (2017 - \$483,118). The higher expense during 2017 was due to the vesting of 2,600,000 stock options that were granted to directors, officers, and consultants of the Company during Q2 2017. No options were granted in 2018.

Cash outflows from the Company's exploration activities was \$442,050 (2017 - \$140,676) during the nine months ended September 30, 2018. Of this balance, \$235,052 was spent on drilling, \$79,858 in geological costs, and \$54,004 in geochemistry costs. Note 4 of the Company's consolidated financial statements contain additional information on the Company's exploration activities during the current period.

There were no cash flows from financing activities during the current period.

For further information on the Company's recently completed exploration activities, please refer to the Company's annual MD&A for the year ended December 31, 2017.

Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

	Revenue	Net loss	Loss per share
September 30, 2018*	\$ Nil	\$ 127,404	\$ 0.00
June 30, 2018	\$ Nil	\$ 150,270	\$ 0.01
March 31, 2018	\$ Nil	\$ 175,596	\$ 0.00
December 31, 2017	\$ Nil	\$ 286,131	\$ 0.00
September 30, 2017	\$ Nil	\$ 287,970	\$ 0.01
June 30, 2017	\$ Nil	\$ 396,744	\$ 0.01
March 31, 2017	\$ Nil	\$ 37,462	\$ 0.00
December 31, 2016	\$ Nil	\$ 336,672	\$ 0.01

*See discussion under "Results of Operations" above.

Liquidity and Capital Resources

The Company currently has no operating revenues and relies primarily on equity financing. As at September 30, 2018, the Company had a working capital of \$1,186,957. For the nine months ended September 30, 2018, cash outflows from operating activities totalled \$298,508 (2017: outflows of \$233,567).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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Transactions with Related Parties

Trading transactions

The Company shares office space with related parties in order to minimize operational costs. During the period ending September 30, 2018, the Company paid or accrued \$11,302 (2017 - \$13,790) for office rent to a related company.

The Company had a payable balance to related parties of \$16,424 as at September 30, 2018 (December 31, 2017 - \$10,835). These payable amounts relate to office rent and consulting fees. All related party transactions were recorded at the amount agreed upon by the related parties. There are no ongoing contractual or other commitments resulting from the above transactions.

Compensation of key management personnel

Key management personnel include directors and officers that provide management and consulting services to the Company. Remuneration of key management personnel during the period was as follows:

Related Party	Relationship	September 30, 2018	September 30, 2017
Gladstone Capital Ltd.	Chief Executive Officer	\$ 94,219	\$ 26,250
Pacific Court Capital Corp.	Chief Financial Officer	27,000	27,000
Sail View Capital Ltd.	Director	27,000	27,000
		<u>\$ 148,219</u>	<u>\$ 80,250</u>

Share-based payments to key management personnel of the Company amounted to \$154,059 during the period ending September 30, 2018 (2017 - \$545,779).

Proposed Transactions

None.

Critical Accounting Estimates and Change in Accounting Policies including Initial Adoption

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in the Note 2 of the Company's 2017 audited consolidated financial statements. Critical accounting estimates remain the same as disclosed in the 2017 audited annual consolidated financial statements.

Financial Instruments and Other Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist of cash, short-term investment, receivables, trade and other payables, and provision for bonus payment. Cash and short-term investment are classified as loans and receivable recognized initially at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest method, less any impairment losses.

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Receivables and trade and other payables are the same as or approximately equal to their respective fair values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash and short-term investment are held through a large national financial institution. Note 7 of the Company's consolidated financial statements contain additional disclosures on the Company's financial instruments.

Outstanding Share Capital

The following describes the outstanding share data of the Company as at November 13, 2018. Note 5 of the Company's condensed interim consolidated financial statements for the period ended September 30, 2018 contain additional information on the Company's share capital.

	<u>Number Outstanding</u>
Common shares	62,566,547
Options to purchase common shares	7,950,000
Warrants to purchase common shares	22,900,000

Outlook

The Company plans to continue drilling on known zones and additional priority targets on the Enchi Gold Project. A 3,400-meter reverse circulation drill program was recently completed (Q1 2018) on the 100% owned Enchi Gold Project. The region hosts numerous historical and current operating open pit and underground gold mines located along strike to the northeast of the Enchi Gold Project. The drill program completed included 28 holes totaling 3,406 metres of infill, step out and exploration drilling on the Boin and Sewum Zones and two new zones outside of the maiden Inferred Resource, Boin northwest and Kojina Hill both representing high priority targets based on geological, geochemical and geophysical surface work and previous drilling. For further information on the Company's recently completed exploration activities, please refer to the Company's annual MD&A for the year ended December 31, 2017.
