

**GOLDSTRIKE RESOURCES LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

For the nine months ended September 30, 2018

## **GOLDSTRIKE RESOURCES LTD.**

### **Management Discussion and Analysis**

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#### **General**

This Management's Discussion and Analysis ("MD&A") of Goldstrike Resources Ltd. ("Goldstrike", or the "Company") has been prepared by management as at November 21, 2018 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts included in this MD&A are stated in Canadian dollars unless otherwise indicated. Readers are encouraged to read the Company's public information filings on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Cautionary Note Regarding Forward-Looking Statements**

In this MD&A, forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of risks as set forth in the following discussions.

#### **1. Company Overview**

Goldstrike is a British Columbia corporation located in Vancouver, BC. It is a publicly traded company listed on both the TSX Venture Exchange ("Exchange") under the symbol "GSR" and the Frankfurt Stock Exchange under the symbol "KCG". Goldstrike's primary focus is mineral exploration.

##### ***Mineral Exploration:***

Prior to June 2011, the Company owned and operated several types of industrial commercial businesses. In June of 2011, the Company completed a change of business and became a mineral exploration company under the new name, Goldstrike Resources Ltd. On completion of the change of business (the "COB"), the Company acquired options on twenty-four mineral properties option agreements totaling 3,782 claims covering over 79,000 hectares in Yukon, Canada. By the end of fiscal 2011, the Company had increased its property holdings to 5,989 claims covering 125,200 hectares and through private placements had raised approximately \$8,000,000 to fund the exploration of its mineral properties.

During fiscal 2012 and up to and including fiscal 2016, the Company raised in excess of \$12,000,000 to continue financing the Company's exploration programs and to stake additional mineral claims through staking and option agreements with claim holders. Properties that have not demonstrated a likelihood for economic success have been dropped and written off.

The Plateau property has been identified as the Company's flagship property. In March of 2017, the Company formed a strategic alliance with Newmont Canada FN Holdings ULC ("Newmont"), a subsidiary of Newmont Mining Corporation, a major mining company with operations throughout the world, to extensively explore and develop the Plateau property with the goal of eventually establishing a producing mine.

In May 2018, the Company announced that it has entered an Arrangement Agreement (the "Arrangement") with Luckystrike Resources Ltd. ("Luckystrike") to separate its White Gold District properties into a separate public company. The Arrangement was approved and completed on August 10, 2018, subsequent to the period ended June 30, 2018. (See news release dated August 10, 2018)

##### ***Petroleum and Natural Gas:***

In November 2015, the Company entered into an agreement (the "POP Agreement") to acquire all issued and outstanding shares of Petro One Energy Corp. ("Petro One"), an Exchange listed company. The result of the acquisition, which completed during March, 2016, allowed the Company to access \$1,250,000 in cash held by Petro One to advance the Company's mineral projects. Petro One's oil and gas assets have been maintained since that time, but production has been suspended due to the low world prices for oil and gas.

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## **2. Mineral Properties**

### **2.1. Petro One Energy Corp. Option Agreements**

During the year ended December 31, 2010, the Company entered into option agreements with Petro One to acquire the Lucky Strike and BRC properties, both of which are located in the White Gold District of Yukon, Canada. The Lucky Strike project was identified as the principal project for the purposes of the COB.

#### Lucky Strike

Under an option agreement dated November 23, 2010, the Company was required to meet the following conditions in order to earn a 70% interest in the Lucky Strike property from Petro One:

- Issue 2,000,000 shares and 4,000,000 warrants on June 15, 2011 (issued);
- An exploration program costing not less than \$300,000 for Petro One to incur qualifying expenses as required by an underlying option agreement by December 31, 2011 (condition met);
- Issue 1,000,000 shares by June 20, 2012 (issued);
- Pay \$50,000 (paid) and issue 1,000,000 shares by June 20, 2013 (issued)

On November 20, 2013, all future commitments under the option agreement were waived as part of a joint venture agreement with Petro One (the "Joint Venture") and the Company was deemed to have exercised its option on the property and earned its 70% interest. (See "Petroleum and natural gas exploration assets – Joint Venture").

On February 29, 2016, the Company acquired Petro One's 30% interest in the Lucky Strike property pursuant to the POP Agreement, giving it a 100% ownership interest in the Lucky Strike property, by issuing warrants exercisable for five years to purchase 9,055,742 shares of the Company at the price of \$0.10 each.

On August 10, 2018, pursuant to the Arrangement, Lucky Strike property was spun out and has since been 100% owned by LuckyStrike Resources Ltd..

#### BRC

Under an option agreement dated March 24, 2011 and amended October 29, 2012, the Company was required to make the following payments in order to earn a 100% interest in the BRC property from Petro One:

- Issue 2,000,000 shares and 3,000,000 warrants on June 15, 2011 (issued); and
- Arrange for an exploration program costing not less than \$200,000 (condition met).

On November 20, 2013, all future commitments under the BRC option agreement were waived as part of the Joint Venture and the Company was deemed to have exercised its option on the property and earned its 100% interest.

On December 10, 2015, the Company issued 75,000 shares with fair value of \$7,500 and 75,000 warrants exercisable at \$0.10 for two years with fair value of \$7,159 to purchase royalties equal to 3% net smelter returns from the Lucky Strike and BRC properties from arm's length third parties.

On August 10, 2018, pursuant to the Arrangement, BRC property was spun out and has since been 100% owned by LuckyStrike Resources Ltd..

### **2.2 The Yukon Cornelius Syndicate Agreements and the Goldspike Exploration Inc. Option Agreement**

#### The YCS Options

By thirteen separate agreements dated March 14, 2011, the Company was granted options to acquire a 100% interest in each of thirteen mineral properties in Yukon from the Yukon Cornelius Syndicate (the "YCS"), subject in each case to a 3% NSR which may be reduced by 1% for a payment of \$1,500,000. All thirteen properties were acquired from the YCS by Goldspike Exploration Inc. subject to the options in favour of Goldstrike. The Company subsequently dropped twelve of those options, but maintained its option on the Summit property.

The option agreement relating to the Summit property, as amended, provides for the following option payments:

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- Pay \$50,000 (paid) and issue 200,000 shares on June 15, 2011 (issued);
- Issue 300,000 shares (issued), pay \$100,000 or issue shares in lieu (192,308 shares issued), and incur \$100,000 in exploration expenditures (incurred) by October 31, 2012;
- Issue 200,000 shares by May 31, 2013 (issued);
- Issue 800,000 shares and pay \$125,000 or issue shares in lieu by October 30, 2017; and
- Issue 600,000 shares, pay \$250,000 or issue shares in lieu, and incur \$1,000,000 in exploration expenditures by October 31, 2017.

During the year ended December 31, 2016, the Company assessed that the carrying value of the property was not recoverable and fully impaired the property. The Company does not intend to maintain the option on the Summit property unless the time(s) for payment are further extended by Goldspike at no cost to the Company.

During the fourth quarter 2017, the Company surrendered the option agreement on Summit and fully impaired the property.

On April 10, 2018, the Company has abandoned and surrendered the Option Agreement in respect of all mineral claims of the Summit Property.

### **2.3 B2 Syndicate Option Agreements**

By nine separate option agreements dated March 22, 2011, the Company was granted options by the B2 Syndicate (the "Syndicate") to earn a 100% interest in nine mineral properties located in Yukon. Each of the properties is subject to a 3% Net Smelter Returns royalty ("NSR") which may be reduced by 1% for a payment of C\$1,500,000 at any time prior to the ninth anniversary of the nine option agreements. Two members of the Syndicate are now executive officers of the Company and one of them is also a director of the Company. Eight of the nine properties have been dropped. The ninth property, Plateau, is now the Company's flagship property.

#### Plateau

The Plateau option agreement was amended on November 1, 2013. Under the amended agreement, the Company is required to make the following payments to earn a 100% interest in the Plateau project, subject to the referenced NSR:

- Pay \$90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);
- Issue 500,000 shares (issued), pay \$100,000 or issue shares in lieu (paid), and incur \$100,000 in exploration expenditures (incurred) by November 1, 2012;
- Issue 500,000 shares (issued) and pay \$200,000 or issue shares in lieu (324,676 shares issued) by November 30, 2013;
- Issue 750,000 shares (issued) and pay \$300,000 or issue shares in lieu (487,013 shares issued) by November 1, 2014; and
- Issue 750,000 shares (issued), pay \$500,000 or issue shares in lieu (811,688 shares issued), and incur \$2,500,000 in exploration expenditures (expenditures incurred) by November 1, 2015.

Goldstrike has exercised the Plateau option and now owns a 100% interest in the project subject to the referenced 3% NSR.

### ***Newmont Investment Agreement and Earning and Venture Agreement - Plateau Property***

**Investment Agreement** On March 4, 2017, the Company entered into an Investment Agreement with Newmont Canada FN Holdings ULC (Newmont), a subsidiary of Newmont Mining Corporation, whereby Newmont agreed to purchase 12,705,715 units of the Company by way of a non-brokered private placement at \$0.4742 per unit and whereby the Company agreed to enter into an Earning and Venture Agreement with Newmont.

During April 2017 the Company received shareholder and Exchange approval of the agreements with Newmont (Note 8), and closing occurred on April 24, 2017. All proceeds from the private placement will be used by Goldstrike to

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fund its 2017 exploration program on the Company's Plateau project, which will be jointly managed by Newmont and the Company.

The Investment Agreement also provides that for three years Newmont will have the option to purchase that number of units which will result in Newmont holding up to 19.9% of the Company's common shares. Each such unit will be issuable at a 10% or 15% premium to market and will be comprised of one common share and one warrant. The warrants will be exercisable at two times the issue price of the unit for two years.

#### ***Earning and Venture Agreement***

Pursuant to the Earning and Venture Agreement, the Company granted to Newmont the right and option to earn a 51% interest in the Company's Plateau project over four years (Phase 1) by:

- making cash payments of USD \$6,000,000 (CAD \$8,000,000), of which USD \$1,000,000 was payable on closing (received) and an additional USD \$1,000,000 is payable by December 15, 2018 (mandatory);
- incurring a minimum of USD \$13,000,000 (CAD \$17,400,000) in exploration expenditures on the Plateau property (of which US\$4,000,000 by December 15, 2018 is mandatory, with an additional US\$4,000,000 by December 15, 2019 and US\$5,000,000 by December 15, 2020 optional); and
- completing an NI 43-101 Resource Estimate and, if the Resource Estimate is greater than the gold equivalent of 1,000,000 ounces of gold, pay a resource bonus to the Company in an amount which is equal to US\$1.00 for each gold equivalent ounce.

If Newmont does not complete Phase 1, it will not earn any interest in the Plateau project. Subject to completing Phase 1, Newmont will have the right and option to earn an additional 24% interest in Plateau (Phase 2) by:

- incurring a minimum of an additional USD \$16,000,000 (CAD \$21,400,000) in exploration expenditures;
- completing a feasibility study by December 15, 2027 (Phase 2); and
- paying any additional resource bonus based on resource calculations made during Phase 2.

If Newmont does not complete Phase 2, its interest will revert from 51% to 49% and any outstanding warrants then held by Newmont will terminate.

#### ***Mine Development Financing***

After completion of Phase 2 earn-in, Newmont shall provide written Notice to the Company at least one hundred (100) days (the "**Financing Option Period**") before the date of commencement of funding for development ("**Development**") of the first mine or mines on the Properties in accordance with a program and budget (the "**First Development Program and Budget**") for such Development supported by a feasibility study for such Development delivered with or in advance of the Notice.

Such Notice shall (A) include the First Development Program and Budget and a copy of the feasibility study for the Development. The Company shall, within the Financing Option Period, notify Newmont in writing that it will either: (i) participate in joint funding of the First Development Program and Budget at its then Participating Interest, or (ii) elect for Newmont to solely fund the First Development Program and Budget and, in addition, all future Exploration Expenditures, Development Expenditures and other Venture expenditures whatsoever (the "**Financing Option**").

If the Company exercises the Financing Option, then **(1)** the Company's interest shall immediately be reduced by five percent (from 25% to 20%) and Newmont's interest shall immediately be increased by five percent (from 75% to 80%), **(2)** Newmont will fund 100% of all Venture expenditures incurred after the Financing Option is exercised (including in respect of the Development Program and Budget and all other Exploration and Development carried out anywhere on the Properties and in the Area of Interest) and **(3)** Twenty percent (20%) of Venture Expenditures so funded will thereafter constitute a loan to the Company. Newmont's recourse against the Company for payment of any such Loan will be limited to receiving eighty percent (80%) of the Company's share of distributions in cash and/or in kind from Commercial Production from Mines developed on the Properties. In no event shall the Company's interest in the Plateau project ever be reduced below 20% if it exercises the Financing Option.

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Newmont will be solely responsible to fund 100% of all Venture expenditures incurred before commencement of the First Development Program and Budget and not required to be incurred to complete Phase 1 Earn-in and Phase 2 Earn-in.

#### ***Venture Management***

Under the Earning and Venture Agreement, a Management Committee has been established to determine overall policies, objectives and procedures for the Venture. The 2017 exploration program will be jointly managed by Newmont and the Company. Newmont will manage thereafter.

#### **2.4 *Cando2 Property***

On September 8, 2011, the Company entered into an arm's length staking agreement with two private exploration companies (collectively the "Vendors"). The Vendors identified a Yukon property for staking and the Company staked that property for the sole benefit of the Company subject to a 3% NSR royalty in favour of the Vendors which may be reduced by 1% for a payment of \$1,500,000. The owner of one Vendor subsequently became a director of the Company and the spouse of the other Vendor subsequently became an officer of the Company.

#### **2.5 *Strike Claims Property***

On July 25, 2013, the Company entered into an arm's length agreement to purchase a 100% interest in 39 mineral claims in Yukon collectively known as the Strike property for a cash payment of \$20,000 (paid) and the issuance of 225,000 shares (issued).

#### **2.6 *St. Patrick Properties***

St. Patrick Property is located in the Yukon and was acquired by staking.

#### **2.7 *Gold Source***

On August 10, 2018, pursuant to the Arrangement, Gold Source property was spun out and has since been 100% owned by Luckystrike Resources Ltd..

#### **2.8 *King's Ransom***

On August 10, 2018, pursuant to the Arrangement, King's Ransom property was spun out and has since been 100% owned by Luckystrike Resources Ltd..

#### **2.9 *Hot Spot***

On August 10, 2018, pursuant to the Arrangement, Hot Spot property was spun out and has since been 100% owned by Luckystrike Resources Ltd..

#### **2.10 *Bull's Eye***

On August 10, 2018, pursuant to the Arrangement, Bull's Eye property was spun out and has since been 100% owned by Luckystrike Resources Ltd..

### **3. *Petroleum and Natural Gas***

On February 29, 2016, the Company completed the acquisition of all the outstanding common shares of Petro One on the basis of one common share of the Company for each four shares of Petro One. Petro One and the Company had certain directors and management in common. The Arrangement was conducted by way of a court-approved plan of arrangement under the Supreme Court of British Columbia, which resulted in Petro One becoming a wholly-owned subsidiary of the Company. The following transactions were completed as of February 29, 2016 in connection with this transaction:

- All outstanding Petro One warrants, excluding Petro One finders' warrants, were exchanged for warrants of the Company on a one for one basis and each such warrant was exercisable to purchase one share of Goldstrike for \$0.15 on or before October 7, 2016;

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- All outstanding Petro One finders' warrants were exchanged for warrants of the Company which were exercisable at the same price as the Petro One finders' warrants, and were exercisable on or before October 7, 2016;
- All outstanding Petro One stock options were cancelled and replaced with 2,712,500 stock options of the Company which were granted on the basis of one stock option of the Company for every four Petro One stock options cancelled. The Goldstrike stock options are exercisable at a price of \$0.10 per share and expire on the same terms as the Petro One stock options held immediately prior to the cancellation;
- 9,055,742 warrants of the Company were issued to Petro One as consideration for the acquisition of a 30% interest in the Lucky Strike property. All of such options are exercisable for five years at the price of \$0.10.

For accounting purposes, the acquisition of Petro One has been recorded as an asset acquisition as Petro One did not have the necessary inputs and processes capable of producing outputs required to meet the definition as defined by IFRS 3, Business Combinations.

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#### Consideration paid:

Fair value of 18,111,487 common shares of the Company issued	\$	2,897,838
Fair value of warrants issued by the Company to replace Petro One warrants		1,231,884
Fair value of options issued by the Company to replace Petro One options		416,423
Professional fees incurred by the Company		18,337
<b>Total consideration paid</b>	<b>\$</b>	<b>4,564,482</b>

At the time that the acquisition was completed, Petro One held 4,750,000 common shares and 7,000,000 share purchase warrants of the Company. On closing, these shares and warrants, as well as the 9,055,742 warrants issued to Petro One for the Lucky Strike Property, were transferred to the Gold Bank Trust (the "Trust"). The Company and the Company's shareholders are beneficiaries of the Trust. The Company does not have control of the Trust or the ability to access the income or capital of the Trust. Therefore, the shares and warrants of the Company held by Petro One on closing were excluded from the assets acquired and the warrants issued for the Lucky Strike property was recorded as a distribution to the Company's shareholders rather than included in the consideration paid.

The fair value of Goldstrike warrants issued to replace Petro One warrants was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.51%; nil dividend yield; expected life stock price volatility 138%; and weighted average expected life of 0.61 years.

The fair value of Goldstrike warrants issued to replace Petro One warrants was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.97%; nil dividend yield; expected life stock price volatility 175%; and weighted average expected life of 6.93 years.

The fair value of identifiable assets acquired and liabilities assumed resulting from the acquisition of Petro One were as follows:

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Assets acquired and liabilities assumed from Petro One by the Company:		
Cash and cash equivalents	\$	897,461
Equipment and other current assets		203,473
Exploration and evaluation assets		319,416
Petroleum and natural gas assets		564,997
Total liabilities		(638,981)
<b>Net assets acquired from Petro One</b>		<b>1,346,366</b>
<b>Premium paid</b>		<b>3,218,116</b>
<b>Consideration</b>	<b>\$</b>	<b>4,564,482</b>

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#### Petroleum and natural gas exploration assets

		Well Equipment		Exploration and Development		Total
<b>Balance at December 31, 2017</b>	\$	<b>116,269</b>	\$	<b>554,745</b>	\$	<b>671,014</b>
Additions		-		43,871		43,871
Amortization		(8,504)		8,504		-
<b>Balance at September 30, 2018</b>	\$	<b>107,765</b>	\$	<b>607,120</b>	\$	<b>714,885</b>

The Company's petroleum and natural gas assets consist of a number of oil and gas wells located in Saskatchewan and Manitoba that were acquired as a result of the acquisition of Petro One. The primary assets are the wells that comprise the Milton property located in Saskatchewan.

Certain of these petroleum and natural gas assets were subject to a joint venture agreement between the Company and Petro One. On completion of the acquisition of Petro One, the joint venture agreement was terminated.

#### **4. Mineral Property Activities**

Gary Vivan, M. Sc., P. Geo., a qualified person as defined by the National Instrument 43-101, supervised the preparation of and reviewed and approved the National Instrument 43-101 technical report dated December 24, 2010 and filed on SEDAR on May 18, 2011.

Stefan Kruse, Ph.D., P. Geo., is a qualified person as defined by the National Instrument 43-101 and has supervised the preparation of and has reviewed and approved the 2017 technical information pertaining to the Plateau, Lucky Strike, Gold Source, King's Ransom, BRC, Bull's Eye and Host Spot properties contained in this MD&A.

James Moores, P. Geo. is a qualified person as defined by the National Instrument 43-101 and has supervised the preparation of and has reviewed and approved the 2016 technical information pertaining to the Plateau and Lucky Strike properties contained in this MD&A.

Trevor J. Bremner, P. Geo., formerly Chief Geologist and a Goldstrike Board member, is a qualified person as defined by National Instrument 43-101, and supervised the preparation of, and has reviewed and approved the 2015 and earlier technical information contained in this MD&A.

Stephen Roach, B. Sc., P. Geo, is a qualified person as defined by the National Instrument 43-101 and has supervised the preparation of and has reviewed and approved the 2018 technical information pertaining to the Plateau Property contained in this MD&A.

#### **4.1 Prior Exploration Activities**

In summer of 2011, Goldstrike completed first pass exploration on twenty-four projects, as well as a second round of quick follow-up exploration on six of the properties late in the season. The Company subsequently acquired and explored an additional seven properties, prior to selecting those with the most potential for further work. Based on results, the Company terminated its interest in certain projects to focus on properties with better exploration potential. A summary of the Plateau geological and exploration results from 2011 to 2017 are as follows:

**2011** - High grade soil samples taken on the Plateau property north of the Hess River returned up to 11.3 grams per tonne gold (News Release November 17, 2011), and grab samples along a 7 kilometer trend on the Lucky Strike property returned up to 3.06 grams per tonne gold in silicified bedrock (News Release August 18, 2011).

**2012** - Surface grab samples on the Plateau property returned up to 529.86 grams per tonne (15.45 ounces per ton) gold (News Release October 30, 2012), and mineralization grading up to 41.69 grams per tonne was taken from a bedrock trench on the Lucky Strike property (News Release October 1, 2012). Rock grab samples on the Summit property assayed up to 9.92 grams per tonne gold (News Release October 1, 2012).

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**2013** - Exploration at Plateau included 17 BQ drill holes totaling 1183.1 metres. Initial drilling resulted in high grade gold intersections of 7.60 grams per tonne gold over 9.03 metres at Gold Dome, and 4.05 grams per tonne gold over 28 metres including 10.91 grams per tonne gold over 10 metres in the Goldstack Zone, 17 kilometres to the west (News Release September 9, 2013, see below for details).

**2014** - A 3-dimensional Induced Polarization (IP) survey on the Plateau South property was conducted and a localized geochemical, trenching, and ground magnetics program was performed on the Lucky Strike property.

**2015** - Goldstrike drilled 11 holes totalling 912.19 metres in the Goldstack and Gold Dome areas. Five of the holes intersected coarse native gold. Holes in both areas intersected mineralized stockwork and breccia zones that remain open along strike and to depth.

Hole PSGS15-01 was a step out 30 metres southeast of discovery hole PSGS13-04 (4.95 grams per tonne gold over 28 metres, including 10.91 grams per tonne over 10 metres – News Release September 29, 2013). PSGS15-01 intersected 13.25 grams per tonne gold over 17.25 metres true width, including 35.28 grams per tonne gold over 5.7 metres and remains open (News Release September 9, 2015). PSGS15-02 was drilled as a vertical hole from the same setup that intersected 2.35 grams per tonne gold over 40.5 metres, including 8.10 grams per tonne over 10.8 metres, and 18.08 grams per tonne over 4 metres. Hole PSGS15-03 was drilled in a down-dip direction to confirm the consistency and continuity of the gold mineralization. An upper high-grade section averaged 11.26 grams per tonne gold over 8 metres.

Eight exploratory holes with various azimuths and a dips of 45 degrees were drilled blind beneath felsenmeer in the Gold Dome area to follow up discovery hole PSVG13-03 (7.6 grams per tonne gold over 9.03 metres (News Release September 9, 2013) and other blind targets generated within a 450 by 450 metre area of Gold Dome. Seven of the eight holes intersected mineralized stockwork that remain open, and in addition, two of the holes (PSVG15-06 and PSVG15-08) contained multiple grains of native gold (New Release July 21, 2015). Hole PSVG15-06 was collared 63 metres south of Discovery Hole PSVG15-03 and drilled to the north to test a blind, deep anomaly. It intersected four previously unknown gold zones down-hole, including 9.09 grams per tonne gold over 1.5 metres near surface, and 12.65 grams per tonne gold over 0.5 metres within a 12.5 metre zone of mineralized stockwork and arsenopyrite at a down-hole depth of 117 metres. The hole terminated in a previously untested area 30 metres north of the Discovery Hole at a vertical depth of 93 metres below surface.

Visible gold in bedrock was also found in the Goldbank zone for the first time in 2015, with grades up to 639.75 grams per tonne (18.66 ounces per ton) indicating that all three zones – Gold Dome, Goldbank, and Goldstack – are part of a single very large gold system that is exposed along a length of more than 25 kilometres strike length and a vertical extent of more than 1,000 metres.

A limited program of reclamation, prospecting, geochemical sampling, and trenching, was conducted on the Lucky Strike property in 2015. A series of hand pits uncovered a new 40 by 50 metre gold anomaly in bedrock, and returned assays up to 4.26 grams per tonne gold. Soil sampling five kilometres to the northwest outlined a strong new 1,200 by 250 metre anomaly that returned values up to 1,989 parts per billion (1.99 grams per tonne) gold. Both new discoveries coincide with northwest-trending magnetic anomalies and remain open. They are described in more detail below.

**2016** - On June 28, 2016 Goldstrike received a five year advanced exploration permit from the Government of Yukon and commenced its 2016 exploration program on the Plateau property. The permit allows for up to 200 drill holes totalling 20,000 metres, up to 100 trenches, two 20-person camps, heli-pads and docks on two floatplane-accessible lakes.

Initial prospecting and mapping during 2016 resulted in the discovery of the new Bonanza zone, which contains coarse visible gold locally in quartz veins. The Bonanza Zone is characterized by a swarm of parallel veins with mineralization similar to that seen in the high grade drill intersections at Goldstack. It is exposed on surface over an area of 30 by 30 metres and remains open. The zone is located 4 kilometres along strike from Goldstack, Rock grab

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samples from the Bonanza zone ranged from detection level up to 436.4 grams per tonne (12.73 ounces per ton) gold, and channel samples returned 2.22 grams per tonne gold over 2.75 metres. A second high grade showing was also found in an area of limited outcrop 100 metres north of the initial discovery. A 300 by 500 metre soil grid over the Bonanza zone outlined two coincident gold-arsenic anomalies. The first is approximately 150 metres in diameter, and covers the Bonanza discovery and the Bonanza North zone. It returned gold values ranging from 0.3 to 486.4 parts per billion, and arsenic values ranging from 8.5 to 301.9 parts per million and remains open to the northwest and southeast. The second anomalous area is about 200 by 100 metres, and is located 250 metres southwest of the Bonanza discovery outcrop. It returned values from below the detection limit up to 38 parts per billion gold and 302 parts per million arsenic. Mineralized float discovered within the second anomalous area returned 0.95 grams per tonne gold and over 1 per cent arsenic. Follow-up exploration is underway at Bonanza preparation for drilling.

Bang, discovered in 2016 is an eight square kilometre zone with multiple outcrops of mineralized quartz stockwork and breccia, with initial grab samples ranging from detection level to 21.2 grams per tonne gold, and an initial channel sample returned 2.17 grams per tonne gold over 1 metre. The Big Bang is located approximately 13 kilometres along strike northwest of Goldstack. Big Bang was drill tested in 2017, see below.

Goldback is a showing in an area of limited outcrop 500 to 600 metres south-southeast of the Goldstack fault, with gold values from grab samples ranging from detection level to 15.1 grams per tonne.

Goldbar is a zone of quartz-arsenopyrite veining on trend with and four kilometres west of the Goldbank West zone (previously reported grab samples up to 18.66 ounces per ton). Grab samples from Goldbar assayed from 1 part per billion to 16 grams per tonne gold. Goldbar was drill tested in 2017, see below.

Gold Standard is a new discovery 6 kilometres east of Goldstack, where it is distinguished by the occurrence of gold in widespread flat-lying siliceous sediments with multiple layers of finely disseminated sulphides. Two bedrock grab samples taken 10 metres apart assayed 4.76 grams per tonne gold and 1.36 grams per tonne respectively. The first sample was taken from a quartz vein within the sedimentary unit, and the second was a sample of the sedimentary rock itself.

Goldworks is a 950 by 450 metre gold-arsenic anomaly in soil located on Gold Dome, 500 to 1,200 metres south of the previously drilled area. Two hundred soil samples were taken from a 1,200 by 700 metre area located in a hornfels zone in the halo of a Cretaceous intrusion. The samples were taken at 50 metre intervals along a series of lines spaced 100 metres apart, and returned values ranging from 0.3 to 568.3 parts per billion gold, and from 6.2 to 233.9 parts per million arsenic. Eleven rock grab samples taken within the anomalous area returned values ranging from 0.11 to 2.15 grams per tonne gold. The new soil survey significantly extends a previous soil grid that was surveyed in 2015 and outlined an open-ended 800 by 100 metre gold-arsenic anomaly.

Bullion is a zone, discovered in 2016 located 50 kilometres from the western boundary of the Big Bang prospect. Gold mineralization was discovered during the in a brecciated fault zone within an area of abundant quartz veining. Two initial bedrock grab samples in 2016 returned 13.66 grams per tonne and 1.93 grams per tonne gold.

The 2016 drill program consisted of 11 NTW holes totalling 1569.36 metres at the Goldstack target. All eleven holes drilled in 2016 were successful in intersecting the Goldstack mineralized zone. Drill highlights include 6.05 grams per tonne gold over 45.5 metres, including 12.5 grams per tonne gold over 20.65 metres in PSGS16-01, and 2.2 grams per tonne gold over 13 metres, including 3.21 grams per tonne gold over 8.5 metres in PSGS16-08. The 2016 drill holes confirm the downhole geology and mineralization seen in the 2015 drill holes, and the consistency and continuity of the zone. An initial metallurgical test of the Goldstack zone returned a total recovery value of over 98.5 per cent gold, confirming the coarse nature of the gold in this system.

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2016 exploration on the Lucky Strike property included soil and rock sampling, 773.3 metres of bedrock trenching, and an induced polarization survey. Bedrock trenching on the Lucky Strike property returned 0.42 grams per tonne gold over 154 metres, including 0.76 grams per tonne gold over 78 metres, including 3 grams per tonne gold over 8 metres. Monte Carlo is one of five large gold in soil anomalies on the property, with gold values ranging from detection level to 1.9 grams per tonne. All of these anomalies are located along a 10 kilometre northwest gold trend that remains open.

**2017** – Goldstrike's Plateau Property increased to 3,167 claims in 2017. The property currently encompasses 662 square kilometres. 2017 staking and exploration extended the “Yellow Giant Gold Trend” from 50 km to 70 km in. Goldstrike now has two principal properties in the area: Plateau North and Plateau South. The previous Plateau Northeast has been amalgamated with Plateau North. Plateau claims are in good standing, with work due dates ranging between 2018 and 2033.

A total of 3889 rock samples were taken from Goldstrike's Plateau area properties between 2012 and 2017, ranging from below detection level to 639.75 grams per tonne gold. A total of 8255 soil samples ranged from below detection level to 26,820 parts per billion gold, and 61 silt samples ranged from below detection level to 47.1 parts per billion gold. A total of 342 channel samples have been collected on the properties with the highest individual sample containing 50.64 grams per tonne gold over 0.53m.

Exploration in 2017 included drilling, channel sampling airborne magnetic and EM survey, LiDAR scan, ground geophysics, geochemistry, prospecting, mapping and structural studies.

The 2017 drill program included 2972 meters of diamond drilling was completed in 23 three holes at the Goldstack, Bonanza, Big Bang and the Goldbar priority target areas. Drilling at **Goldstack** in 2017 was designed to extend the stratigraphy and strike of the mineralization discovered during the 2013 to 2016 drill programs. Although wide intercepts of quartz-arsenopyrite stockwork mineralization were intersected, a few drill holes intersected similar widespread gold mineralization, highlighted by drill holes PSGS-17-01 @ 0.21 g/t Au over 5.5m (22.5 – 28.0m), PSGS-17-06 @ 0.12 g/t Au over 13.0m (178.0 – 191.0m), PSGS-17-07 @ 0.26 g/t Au over 6.0m (129.5 – 135.5m), and PSGS-17-08 @ 1.28 g/t Au over 3.5m (121.0 – 124.5m). Drilling at Bonanza (6 drill holes) and Goldbar (2 drill holes) returned anomalous gold values in thin quartz-arsenopyrite fractures. Drilling three holes (362.7m) at Big Bang did not return any significant gold values. Refer to discussion of 2017 drilling results below.

In 2017, surface exploration included prospecting and channel sampling with the collection of 421 grab samples and 138 channel samples. The geophysical program included a 1617 square kilometer, high-resolution airborne magnetic survey covering the entire property using a proprietary system belonging to Newmont. A SkyTEM™ airborne survey, covering 864 square kilometers, was completed over the property. Ground geophysics included collection of 9.5 line kilometers of IP, 14.5 line kilometers of gravity and 14.5 line kilometers of ground EM.

Geochemistry included collection of 4300 conventional soil samples on newly staked ridges and spurs as well as on focused grids at Gold Rush, Bonanza, Bullion, Big Bang, and Goldstack. An additional 176 DSG (Deep Sensing Geochemistry) and 325 BLEG (Bulk Leach Extractable Gold) samples were collected for analysis using Newmont's proprietary processes.

District-scale and detailed structural mapping and analysis by Newmont's consulting geologist and Goldstrike geologists were completed.

An airborne LiDAR scan and acquisition of high-resolution satellite imagery and Radarsat-2 data was acquired over the entire property. Structural analysis of this data was completed in early 2018.

#### **4.2 Recent Exploration Activities**

The 2018 Plateau program was fully funded and operated by Newmont Mining Corporation (NYSE: NEM) through its Canadian mining division. A proposed program of up to 10,000 meters of diamond drilling, agreed at the April 24, 2018 JV meeting between Newmont and Goldstrike, focused on the identification of 2017 multiple targets utilizing

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Newmont's proprietary technologies. A wide range of surface work was also recommended. Based on the 2017 data, follow-up exploration was also planned for areas that indicate significant exploration potential on both newly staked claims and extensive areas of the original property, where under-explored. The work completed in 2018 included 26 drill holes totaling 7,753 meters of diamond drilling, 310 rock grabs, 1377 geochemical soil samples, 5 km of ground geophysical surveying (IP) and extensive property wide mapping and prospecting. Preliminary data from the 2018 exploration program was presented on October 22, 2018 as a Q3 meeting between Newmont and Goldstrike. Goldstrike is currently waiting for finalization of both diamond drill and surface exploration data.

Diamond drilling was completed on six target zones along the 70 km long, district-scale property. Primary targets include Gold Dome, Gold Rush, Big Bang East, Goldstack, Gold Bank, and Bonanza. Initial drilling began on June 1<sup>st</sup>, 2018 and a second drill rig commenced drilling on June 12<sup>th</sup>. Drill holes focused on geologic and geophysical targets to gain a better understanding of controls on the widespread gold mineralization seen at surface along the 70 km Yellow Giant trend. Ten of the drill holes were successful in intersecting gold mineralization of > 0.5 g/t Au, with intercepts of up to 7.17 g/t Au over 0.85 meters at Gold Dome. Zones of anomalous gold mineralization were largely intersected by the ten of the exploratory drill holes, but did not explain widespread gold mineralization recognized at surface. No significant gold mineralization was returned in the other drill holes. Further compilation and interpretation of the large data set will provide the base for additional modeling in the identification of targets along the 70 km corridor that have potential to host significant gold mineralization. Refer to highlights of 2018 drill results in the table below.

Surface work included 363 line km of mapping in West and Central Plateau, Gold Rush, and Devil's Gate target areas. Idealized sections were completed for the four areas. Stratigraphy is fairly consistent with the 2017 mapping program in the recognition of flat-lying metasedimentary beds reflecting large recumbent folds. Two intrusives have been mapped in the northwest Goldrush area, a medium grained granodiorite and an intermediate fine-medium grey dyke observed to cross-cut the granodiorite. Sulphides have not been overly abundant but have been locally observed consisting of arsenopyrite-pyrite-chalcopyrite-galena. Veining coincides with argillite-sandstone contacts with the veins propagating into the brittle sandstone. Veins are observed to terminate quickly away from the contact. Geological mapping did not indicate or locate any extensive and strong gold-bearing structures and alteration. A total of 1377 soil samples were collected in three areas: 1) RS Grid, 2) Fido Grid, and 3) Devil's Gate Grid. Gold results from the RS and Devil's Gate grids did not signify any cohesive anomalous zone(s). Gold and ICP results from the Fido Grid are pending. Results from the five (5) km IP survey are pending.

Highlights from the health, safety, security, and environment are as follows:

- 1) Site safety orientation with the field team
- 2) Camp inspection with four minor infractions, which were corrected....overall pleased with the camp site
- 3) Conservation inspection with no infractions
- 4) Drill shack destroyed due to inclement weather. Investigated and work resumed.
- 5) New floating dock system works well
- 6) Bear fences erected around kitchen and mess tents, as well as burn area
- 7) Water sump was rebuilt as it was overflowing
- 8) Historical drill casings cut-off
- 9) Spit Camp was dis-mantled
- 10) Fuel berms were graded
- 11) Double walled tidy tanks with built in drip trays are being used at drill sites to avoid long lining barrels.

Pursuant to the Arrangement with Luckystrike Resources Ltd. effective August 10, 2018, **Luckystrike, Gold Source, King's Ransom, BRC, Bull's Eye, and Hot Spot** properties under Goldstrike Resources were spun out to Luckystrike Resources. The program progress of these properties will be documented and described under Luckystrike Resources MD & A.

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#### 5. Principal Properties - Plateau Area Properties

Exploration to-date has outlined multiple gold-mineralized occurrences in over a 70 kilometre long corridor of claims referred to as the Yellow Giant Trend. Numerous rock grab samples within this corridor have returned anomalous gold mineralization. Within the Yellow Giant Trend, nine gold mineralized zones (Goldstack, Gold Dome, Goldbank, Bullion, Goldworks, Goldbar, Goldback, Bonanza, and Big Bang) are associated with regional scale deformation in strongly silicified metasedimentary rocks within the Yusezyu Formation.

The Yusezyu Formation, which has been dated at 580 million years, forms the lower part of the Hyland Group of the Selwyn Basin. The property resides within the hanging-wall of the Robert Service Thrust to the NE and the footwall Moose Lake Thrust to the SW. Between the Moose Lake Thrust and Robert Service Thrust, competent rocks of the Hyland Group form tight, upright-to overturned, south-verging folds with fine grained strata typically telescoped and thickened by minor stratabound thrust faults (Roots, 2003). These thrust faults are thought to be broadly mid-Jurassic, or younger, with top-to-the-northwest motion. Two Cretaceous age granodiorite bodies of the Mayo suite intrude along the southern margin of the property. Coarsely crystalline native gold and fine gold has been found in sub-crop, outcrop, and drill holes in a wide variety of lithologies, including hydrothermal breccia, quartz-albite stockwork, bull quartz veins, and sugary textured quartz, as well as in arsenopyrite veins and disseminated in wall rocks. The distribution of gold shows strong structural and strata-bound controls. Mineralized quartz veins are generally hosted in competent quartz-feldspathic gneisses of the Yusezyu Formation. Vein swarms and stockwork zones are commonly located near the contact of the competent quartz-feldspathic gneisses with sheared meta-pelitic rocks. Vein geometry is best explained by regional tectonic/metamorphic trends, consistent with an orogenic gold model. This geological setting explains the multiple mineralized stockwork and breccia zones observed.

High resolution airborne and ground geophysics, geological mapping, structural interpretation, geochemical and alteration studies, petrographic studies, and spectral matching of remote sensing data identified several excellent drill targets at large structural intersections that coincide with high grade gold seen on surface, and many other new areas with strong gold potential that remain to be explored.

The highest gold grades are associated with quartz-albite alteration. Low salinity fluid inclusions with carbon dioxide and methane indicate that the main mineralizing event coincided with pro-grade regional greenschist facies metamorphism at temperatures of 280 to 350 degrees C, and pressures of 1.3 to 4 kilobars. Gold to silver ratios in drill core and rock range from 13:1 to 25:1, consistent with a metamorphic origin. A petrochemical study has shown that sodium (albite)-enriched rocks contain five times as much gold and ten times as much arsenic as unaltered rocks, demonstrating that both sodium and arsenic can be used as an additional vector for gold targets.

Drilling between 2013 and 2016 took place on the Goldstack, Gold Dome and Goldbank zones. Drilling in 2017 concentrated on the Goldstack, Goldbar, Bonanza and Big Bang target areas.

#### 2013, 2015 to 2017 Drill Highlights

Highlights of 2013-2016 drilling at Plateau organized by zone are shown in the Table below:

#### Table of Drill Results

GOLDSTACK EXPLORATORY DRILL HOLES						
Hole	Azimuth	Dip	From (m)	To (m)	Width (m)	Gold (g/t)
PSGS13-01	164	30	10.00	28.00	19.00	1.14
including			23.00	25.00	2.00	8.29
and (lower zone)			41.00	51.00	10.00	1.55
including			43.18	43.50	1.82	4.33
and			49.80	51.00	1.20	4.27

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PSGS13-02	360	60	4.00	14.00	10.00	1.43
including			7.00	14.00	7.00	2.00
including			7.00	9.00	2.00	5.46
PSGS13-03	308	70	5.00	12.00	7.00	0.48
PSGS13-04	128	65	8.00	61.00	53.00	2.28
including			8.00	36.00	28.00	4.05
including			17.00	27.00	10.00	10.91
including			17.00	23.00	6.00	16.19
including			17.00	20.00	3.00	25.87
and including			22.60	26.00	3.40	8.47
PSGS15-01	285	70	22.00	39.50	17.50	13.25
including			24.80	36.00	11.20	20.42
including			23.50	25.50	2.00	11.53
and			28.00	36.00	8.00	25.80
<b>including</b>			<b>29.80</b>	<b>35.50</b>	<b>5.70</b>	<b>35.28</b>
including			29.80	32.80	3.00	62.68
PSGS15-02	0	90	25.00	65.50	40.50	2.35
including			26.20	37.00	10.80	8.10
including			33.00	37.00	4.00	18.09
including			34.30	37.00	2.70	25.80
PSGS15-03	141	43	0.00	94.49	94.49	1.78
			0.00	66.00	66.00	2.51
			0.00	57.00	57.00	2.84
including			0.00	8.00	8.00	11.26
and			20.50	39.50	19.00	1.84
and			45.50	58.50	13.00	2.60
PSGS-16-01	215	45	11.00	56.50	45.50	6.05
including			13.15	26.00	12.85	20.22
PSGS-16-02	235	50	27.60	63.70	36.10	0.52
including			30.00	31.00	1.00	3.11
PSGS-16-03	215	45	55.00	56.00	1.00	0.73
and			72.80	74.20	1.40	0.90
PSGS-16-04	215	55	30.80	68.50	37.70	0.23
PSGS-16-05	350	55	65.50	68.60	3.10	11.01
PSGS-16-06	360	65	67.50	81.50	14.00	0.40
including			67.50	71.50	4.00	0.83
PSGS-16-07	360	85	80.00	83.50	3.50	1.30
PSGS-16-08	035	70	67.00	80.00	13.00	2.20
including			71.50	80.00	8.50	3.21
PSGS-16-09	322	70	103.00	108.50	5.50	0.36
PSGS-16-10	322	85	123.20	124.00	0.80	0.20
PSGS-16-11	360	75	177.50	179.50	2.00	0.23

GOLD DOME EXPLORATORY DRILL HOLES						
Hole	Azimuth	Dip	From (m)	To (m)	Width (m)	Gold (g/t)
PSVG13-01	86	45	10.65	11.50	0.85	1.51
and			13.10	13.65	0.55	2.58
PSVG13-02	90	45	24.38	24.75	0.37	0.14

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and			26.80	27.20	0.40	21.62
PSVG13-02a	90	60	44.91	45.50	0.59	0.11
PSVG13-03	90	45	4.57	13.60	9.03	7.60
including			5.00	12.00	7.00	8.85
including			5.00	9.50	4.50	13.71
including			5.00	9.00	4.00	14.58
PSVG13-04	90	45	6.00	7.00	1.00	0.76
and			16.00	16.50	0.50	0.10
PSVG13-05	90	45	6.60	7.00	0.40	11.92
and			14.00	14.50	0.50	0.22
PSVG13-06	90	45	3.25	4.00	0.75	1.04
and			27.60	29.50	1.90	0.60
and			36.50	44.05	2.45	0.19
PSVG13-07	90	45	15.24	15.80	0.56	0.12
and			19.80	20.67	0.87	1.01
and			25.00	26.00	1.00	0.11
PSVG13-09	90	45	8.00	8.63	0.63	0.14
PSVG15-01	125	45	0.75	1.75	1.00	0.20
and			24.50	25.00	0.50	0.32
PSVG15-02	225	45	26.90	27.40	0.50	1.80
and			72.00	74.00	2.00	3.48
including			71.50	72.50	1.00	6.45
PSVG15-03	225	45	35.00	36.00	1.00	0.39
PSVG15-04	356	45	26.20	26.60	0.40	0.17
PSVG15-05	330	45	3.40	4.00	0.60	0.24
and			8.50	9.00	0.50	1.35
and			12.50	12.90	0.40	1.63
PSVG15-06	356	45	4.00	5.50	1.50	9.09
and			23.00	24.00	1.00	0.51
and			74.60	75.00	0.40	3.04
and			118.20	118.70	0.50	12.65
PSVG15-07	50	45				NSV
PSVG15-08	128	45	9.50	10.50	1.00	3.67

GOLDBANK EXPLORATORY HOLES						
Hole	Azimuth	Dip	From (m)	To (m)	Width (m)	Gold (g/t)
PSSW13-01	316	45	12.00	12.50	0.50	0.36
PSSW13-02	297	45	9.95	11.00	1.05	0.28
and			17.85	18.50	0.65	0.24
and			44.00	44.50	0.50	0.35
PSRS13-01	183	45				NSV
PSRS13-02	183	45				NSV

- The 2013 drill program consisted of 17 holes totalling 1183.1 metres. Note that hole PSVG13-08 was not drilled. Over the limit samples were re-assayed using pulp metallics.
- The 2015 drill program consisted of 11 HTW holes totalling 924.16 metres. Based on the known coarse nature of the gold, all samples were assayed using pulp metallics.

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- The 2016 drill program consisted of 11 NTW holes totalling 1569.36 metres. Selected samples were re-assayed using pulp metallica.
- Gold mineralization in PSGS15-01 is true width
- True width of gold mineralized intersection in PSGS15-02 is 94% of downhole width.
- PSGS15-03 and PSVG-08 were drilled approximately down dip.
- All of the other holes were drilled at various azimuths.
- As a result, true widths cannot be reliably estimated at this time.
- NSV = No significant values. Grades are uncut.

Drill core samples in 2015 and 2016 ranged from below detection level to 116.87 grams of gold per tonne. Based on the coarse nature of the gold, metallica assays were run for all samples.

#### 2017 Drill Highlights

2017 drilling included 2972 meters of diamond drilling in 23 three holes at the Goldstack, Bonanza, Big Bang and the Goldbar priority target areas. Highlights of the 2017 drill program are tabulated below:

Table of 2017 Drill Results

Zone	Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)
	PSGS-17-01	22.5	28.0	5.5	0.21
Goldstack	<i>and</i>				
	PSGS-17-01	35.5	36.5	1.0	0.66
Goldstack	PSGS-17-02	67.0	73.0	6.0	0.11
Goldstack	PSGS-17-03	33.0	34.0	1.0	1.14
Goldstack	PSGS-17-04	76.5	77.0	0.5	0.50
Goldstack		PSGS-17-05		<i>No significant values</i>	
	PSGS-17-06	159.0	160.0	1.0	0.63
Goldstack	<i>and</i>				
	PSGS-17-06	178.0	191.0	13.0	0.12
Goldstack	PSGS-17-07	129.5	135.5	6.0	0.26
Goldstack		PSGS-17-08		<i>No significant values</i>	
	PSGS-17-09	121.0	124.5	3.5	1.28
Goldstack	<i>including</i>				
	PSGS-17-09	122.0	123.0	1.0	3.13
Bonanza		PSBZ-17-01		<i>No significant values</i>	
	PSBZ-17-02	9.5	10.0	0.5	1.23
	<i>and</i>				
Bonanza	PSBZ-17-02	19.0	21.0	2.0	1.00
	<i>including</i>				
	PSBZ-17-02	19.0	19.5	0.5	3.08
	PSBZ-17-03	0.0	1.0	1.0	0.48
	<i>and</i>				

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Bonanza	PSBZ-17-03	21.0	22.0	1.0	0.53
	<i>and</i>				
	PSBZ-17-03	84.0	85.0	1.0	1.31
Bonanza		PSBZ-17-04		<i>No significant values</i>	
	PSBZ-17-05	84.0	84.5	0.5	0.60
Bonanza	<i>and</i>				
	PSBZ-17-05	87.0	89.0	2.0	0.56
Bonanza		PSBZ-17-06		<i>No significant values</i>	
Bonanza		PSBZ-17-07		<i>No significant values</i>	
Bonanza	PSBZ-17-08	28.0	29.0	1.0	0.75
Bonanza		PSBZ-17-09		<i>No significant values</i>	
	PSGR-17-01	11.5	12.0	0.5	1.19
Gold Bar	<i>and</i>				
	PSGR-17-01	47.4	48.0	0.6	0.28
	PSGR-17-02	20.0	21.0	1.0	0.70
Gold Bar	<i>and</i>				
	PSGR-17-02	27.0	27.5	0.5	0.49
	PSGR-17-03	14.5	15.0	0.5	0.49
Gold Bar	<i>and</i>				
	PSGR-17-03	44.0	45.0	1.0	0.70
Big Bang		PSBB-17-01		<i>Stratigraphic hole; no significant values</i>	
Big Bang		PSBB-17-02		<i>Stratigraphic hole; no significant values</i>	

2018 Drill Highlights

The 2018 Plateau drilling campaign included 7753 meters of diamond drilling in 26 three holes at the Gold Dome, Goldstack, Gold Rush, Big Bang East, Gold Bank, and Bonanza priority target areas. Highlights of the 2018 drill program are summarized below:

Table of 2018 Plateau Drill Highlights

Drill Hole	Target Area	Azimuth	Dip	Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
PTU-00001	Gold Bank	031	-60	471	34.0	35.0	1.0	0.595
					203.0	203.5	0.5	0.965
					421.0	422.0	1.0	0.60
PTU-00002	Gold Bank	030	-78	218				NSA
PTU-00003	Goldstack	322	-64	282				NSA
PTU-00004	Big Bang East	360	-48	238				NSA
PTU-00005	Big Bang East	354	-48	226				NSA
PTU-00006	Goldstack	326	-65	256				NSA
PTU-00007	Goldstack	328	-55	134				NSA
PTU-00008	Big Bang East	005	-47	199				NSA

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PTU-00009	Big Bang East	360	-47	205	55.0	55.5	0.5	0.70
PTU-00010	Gold Dome	155	-48	297				NSA
PTU-00011	Gold Dome	155	-48	307	38.0	39.0	1.0	1.255
PTU-00012	Gold Dome	155	-48	362				NSA
PTU-00013	Gold Dome	160	-48	321	304.0	305.0	1.0	0.71
PTU-00014	Gold Dome	154	-47	347	334.0	335.0	1.0	0.675
PTU-00015	Gold Dome	156	-48	332	5.0	6.0	1.0	0.71
					44.25	45.1	0.85	7.17
					112.0	113.0	1.0	0.65
					167.0	168.0	1.0	1.31
PTU-00016	Gold Rush	065	-48	300				NSA
PTU-00017	Gold Rush	065	-75	387	217.0	218.0	1.0	0.60
PTU-00018	Gold Rush	065	-48	348				NSA
PTU-00019	Gold Rush	064	-56	360				NSA
PTU-00020	Gold Dome	153	-47	266				NSA
PTU-00021	Gold Rush	065	-55	322	38.12	38.84	0.72	2.41
PTU-00022	Gold Dome	157	-47	274	237.0	238.0	1.0	0.61
PTU-00023	Gold Rush	065	-55	341	124.8	125.41	0.61	3.23
PTU-00024	Gold Rush	065	-48	319				NSA
PTU-00025	Bonanza	335	-55	230				NSA
PTU-00026	Goldstack	350	-75	398				NSA
NSA = No Significant Assay								

Drill Holes: 26

Drilled: 7,753 meters

Highlighted Gold Mineralization: &gt;0.50 g/t in 10 drill holes

Note: VG noted in PTU-00015 from 44.25 to 45.1

**Goldstack**

The Goldstack Zone is exposed in outcrop where a structurally controlled hydrothermal breccia is mineralized with numerous grains of native gold. Three channel samples cut across the strike of the zone in 2012 returned an average value of 14.25 grams per tonne over a total length of 2.4 metres. Individual channel sample results include 23.82 grams per tonne over 1 metre, and 7.71 grams per tonne over 1 metre. Another channel sample cut across strike 7 metres to the east returned a weighted average of 7.29 grams per tonne gold over 1.3 metres, including 40.1 grams per tonne over 10 centimetres.

An initial shallow prospect drill hole in 2012 intersected gold mineralized, silicified breccia averaging 0.7 grams per tonne gold over a 9 metre width from 8.65 to 17.65 metres. This has been shown by subsequent drilling to be part of a gold-arsenopyrite halo around a NE-SW striking mineralized structure. A second shallow prospect drill hole collared 50 metres further south intersected non-mineralized stockwork from 41.4 to 43.7 metres. The discovery drill hole at Goldstack in 2013 (PSVG13-04) intersected gold mineralization averaging 10.91 grams per tonne gold over 10 metres, within a larger intersection of 4.05 grams per tonne gold over 28 metres and 2.28 grams per tonne gold over 53 metres. Several grains of native gold were found in the core, and the gold mineralization is partly coincident with arsenopyrite. Drilling in 2015 targeted the Goldstack Zone below the discovery hole described above. Three holes all intersected gold mineralization, and expanded the dimensions of the Goldstack Zone. Assay results for all Goldstrike's 2015 and 2016 drilling are reported in the drill table above.

Drilling at Goldstack in 2017 was designed to extend the stratigraphy and strike of the mineralization discovered during the 2013 to 2016 drill programs. Wide intercepts of quartz-arsenopyrite stockwork mineralization were

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intersected in a number of drill holes. PSGS-17-01 was successful in intersecting a large arsenopyrite-mineralized zone from 53.5 to 80.0m (0.49% As over 26.5m), highlighted by 0.21 g/t Au over 5.5m (22.5 – 28.0m). PSGS-17-06 was visually the best hole from the 2017 drilling at Goldstack, displaying 13 m of arsenopyrite-mineralized stockwork. The stockwork zone itself yielded 0.12 g/t Au over 13.0m (178.0 – 191.0m). PSGS-17-07 intersected a significant arsenopyrite mineralized zone, returning 0.26 g/t Au over 6.0m (129.5 – 135.5m). PSGS-17-09 was designed to test the down-dip potential of the Goldstack zone, and returned 1.28 g/t Au over 3.5m (121.0 – 124.5m). The remaining drill holes did not intersect any significant high-grade or widespread low-grade gold mineralization.

In 2018, Newmont drilled four (4) drill holes on the Goldstack Zone totaling 1070 meters. The scope of the drilling was to test the strike and dip extent of the Goldstack Zone. No significant gold assays were returned from all four drill holes. Final drill logs, descriptions, and sections/plans are pending.

#### ***Goldback***

This is a new discovery approximately 480 to 600 metres southeast of the Goldstack zone, where outcrop grab samples returned gold values ranging from below the detection level to 15.10 grams per tonne. The gold occurs in quartz stockwork containing arsenopyrite blebs and veinlets similar to the Goldstack zone. No drilling was conducted on this new discovery.

#### ***Gold Dome***

Gold Dome is a flat-topped ridge south of the Hess River, where gold mineralization has been found in felsenmeer and sub-crop over an area of at least 2,000 by 500 metres. Fifty two rock grab samples of silicified felsic volcanic rock taken in 2012, 2013, and 2015, assayed over 1 gram per tonne gold, including seven samples which assayed 525.86 grams per tonne (15.45 ounces per tonne), 351.49 grams per tonne (10.25 ounces per ton), 317.55 grams per tonne (9.26 ounces per ton), 280.60 grams per tonne (8.18 ounces per tonne), 210.26 grams per tonne (6.13 ounces per ton), 159.48 grams per tonne (4.65 ounces per ton), and 157.87 grams per tonne (4.61 ounces per ton). Many of these high grade samples were taken along a northeast-southwest trend referred to as the VG zone. High resolution ground geophysics and drilling have shown that the gold mineralization is largely concentrated in northwest-southeast and northeast-southwest structures related to northeast-directed folding and thrust faulting.

The VG Zone discovery hole on Gold Dome was collared in gold-mineralized felsenmeer, and encountered gold at the bedrock interface only 3.55 metres below surface. This is the eroded top of a blind, high grade gold mineralized shoot grading 7.60 grams per tonne gold over 9.03 metres that extended from 4.57 metres to 13.6 metres down-hole. The gold is hosted in felsic metavolcanic rocks cut by quartz stockwork and numerous quartz veinlets, some containing specks of visible gold and up to 5 per cent arsenopyrite and pyrite that form a halo in other drill holes around the gold mineralized shoot. Drilling in 2015 confirmed that the mineralized structure occurs in the hinge zone of a macroscopic fold with a northwest-southeast orientation, near the contact between the host volcanics and overlying impermeable argillite.

Seven of eight holes drilled on Gold Dome in 2015 intersected quartz stockwork that remain open, and two holes intersected multiple grains of native gold. Hole PSVG15-08 targeted the discovery zone in PSVG13-03 (described above), and intersected 18 metres of strongly mineralized quartz stockwork containing abundant arsenopyrite, as well as grains of visible gold in numerous locations. Hole PSVG15-06 targeted a blind, deep geophysical anomaly, and intersected 12.5 metres of mineralized stockwork with arsenopyrite and multiple grains of native gold from 1.5 to 3 millimetres in size. This new discovery significantly expands the area of known gold mineralization on Gold Dome, and shows the potential for new gold-bearing stockwork zones along strike and at depth. Assays for all 2015 drill holes are reported in the drill table above.

In 2018, Newmont drilled eight drill holes totaling 2507 meters. PTU-00015 intersected the most significant gold mineralization, returning 7.17 g/t Au over 0.85 meters from 44.25 to 41.85. Visible gold was recognized in this intercept. Refer to above drill table summary. Final drill logs, descriptions, and drill sections/plan are pending.

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#### ***Goldworks***

This is a 950 by 450 metre gold- and arsenic-in-soil anomaly located approximately one kilometre south of the Gold Dome prospect. The best results from soil sampling to date are 568.3 parts per billion (0.568.3 grams per tonne) gold, and 239.2 parts per million arsenic. Outcrop grab samples taken within the anomalous area yielded a best result of 2.15 grams per tonne gold. This anomalous area underlies an area within the contact metamorphic aureole of the Cretaceous Tombstone intrusion, where no drilling has been conducted.

#### ***Goldbank***

High grade gold mineralization has been found in outcrop over an area of more than 15 kilometres by 600 metres known as the Goldbank Zone that remains open. Within the Goldbank Zone, the gold is concentrated in two parallel zones 1 kilometre apart: the Goldbank Zone, measuring approximately 15 kilometres long by 500 metres wide, and the Ron Stack Zone, measuring approximately 1.2 kilometres long by 500 metres wide. These two major zones strike northwest-southeast, and remain open.

Numerous bedrock grab samples containing visible gold or gold mineralization have been taken from bedrock in areas of stockwork and hydrothermal breccia along the Goldbank Zone, including samples containing visible gold which assayed 639.75 grams per tonne (18.66 ounces per ton), 308.49 grams per tonne (9.0 ounces per ton), 287.71 grams per tonne (8.39 ounces per ton), 101.11 grams per tonne (2.95 ounces per ton), 47.83 grams per tonne (0.98 ounces per ton), 35.91 grams per tonne (1.05 ounces per ton), 34 grams per tonne (0.99 ounces per ton), and 33.43 grams per tonne (0.98 ounces per ton).

The gold mineralization is associated with folded, meta-sedimentary silicic-clastic rocks that are continuous over long distances and are recognizable in satellite imagery, and airborne and ground magnetic surveys. The fold and thrust fault geometry in the Goldbank zone appears similar to the structures that have been successfully drilled at Gold Dome and Goldstack. An initial program of four exploratory holes in 2013 was drilled before key structural data and results from other drilling was available. All four holes intersected gold-arsenic mineralization that subsequent geophysical modelling showed is outside the main target structures, and further drilling is required to test the targets.

In 2018, Newmont completed two (2) drill holes totaling 695 meters. Both drill holes were designed to test both high chargeability and resistivity responses, and a potential high conductive zone at depth. Multiple, thin anomalous gold intercepts were intersected in drill hole PTU-00001 and no significant gold assays were reported in PTU-00002. Refer to above drill summary. Final drill logs, descriptions, and drill sections/plan are pending.

#### ***Goldbar***

Prospecting in 2016 resulted in the discovery of a new zone 4 kilometres west of the Goldbank West showing, extending the length of the Goldbank mineralized trend from 11 to 15 kilometres. This new area, measuring 350 by 100 metres, has been named Goldbar. Gold assays in grab samples range from 1 part per billion gold to 16 grams per tonne (over detection limit), including twelve samples that returned between 1.12 and 8.66 grams per tonne.

Three holes were drilled at the Gold Bar Zone in 2017 totaling 331.93 m. Hole PSGR-17-01 was drilled at a 145 degree azimuth, perpendicular to the typical trend of mineralized quartz veins (050-060 degrees). Holes PSGR-17-02 and PSGR-17-03 were drilled at a 45 degree azimuth to intersect stratigraphy. The highest grade intercept returned 1.19 g/t Au over 0.5m in drill hole PSGR-17-01. PSGR-17-01 is significant as it demonstrated that the silicified grit package (host to mineralized quartz veins) is thicker than previously thought. The holes intersected grits for the entirety of the drill hole, to a vertical depth of 77.6m.

No diamond drilling was conducted in this target area in 2018.

#### ***Bullion***

The Bullion zone was discovered on the last day of the 2016 program 50 kilometres east of the western boundary of the Big Bang prospect. Two bedrock grab samples returned 13.66 grams per tonne and 1.93 grams per tonne gold.

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The gold mineralization was found in a brecciated fault zone, in an area of abundant quartz veining. Additional prospecting and mapping was undertaken in 2017.

No diamond drilling was conducted over this target area in 2018.

#### **Bonanza**

This significant new discovery located 4 kilometres along strike from Goldstack was made in 2016, and contains the most pervasive coarse visible gold seen on the property to date. It is an extensive swarm of parallel veins with mineralization similar to that seen in the high grade drill intersections at Goldstack, including numerous grains of native gold. It is exposed on surface over an area of 30 by 30 metres and remains open. Rock grab samples from the Bonanza zone ranged from detection level up to 436.4 grams per tonne (12.73 ounces per ton) gold, and channel samples returned up to 15.06 grams per tonne over 0.53 metres, including 2.22 grams per tonne gold over 2.75 metres. A second high grade showing, referred to as Bonanza North, has also been found in an area of limited outcrop 100 metres north of the initial discovery.

<b>Bonanza Zone Channel Highlights</b>				
Channel	Start (metres)	End (metres)	Length (metres)	Gold (grams/t)
BC-03	0	0.9	0.9	14.4
BC-04	0	2.75	2.75	2.22
BC-07	0.57	1.7	1.13	15.06
including	0.57	1.1	0.53	32
BC-10	0.65	1.95	1.3	1.3
<b>Bonanza Zone</b>				
<b>Rock grab samples over 1 gram per tonne gold</b>				
Sample number	Gold (g/t)			
1539296	436.4 (12.69 ounces per ton)			
1539300	288.5 (8.41 ounces per ton)			
1539293	222.3 (6.48 ounces per ton)			
1540152	137.6 (4.01 ounces per ton)			
1540151	85.7 (2.5 ounces per ton)			
1770234	31.5			
1539292	23.1			
1529299	9.3			
1540480	5.4			
1540153	3			
1539298	1.5			
1540479	1			

A 300 by 500 metre soil grid over the Bonanza zone outlined two coincident gold-arsenic anomalies. The first is approximately 150 metres in diameter, and covers the Bonanza discovery and the Bonanza North zone. It returned gold values ranging from 0.3 to 486.4 parts per billion, and arsenic values ranging from 8.5 to 301.9 parts per million and remains open to the northwest and southeast. The second anomalous area is about 200 by 100 metres, and is located 250 metres southwest of the Bonanza discovery outcrop. It returned values from below the detection limit up to 38 parts per billion gold and 302 parts per million arsenic. Mineralized float discovered within the second anomalous area returned 0.95 grams per tonne gold and over one percent arsenic.

Six holes were drilled in the area of the discovery outcrop, two holes were drilled into Bonanza North (approximately 75m to the north), and one hole into Bonanza South (approximately 300 m to the southwest).

Holes PSBZ-17-02 and PSBZ-17-08 were drilled into Bonanza North, a large, arsenopyrite-bearing outcrop 75m north of the Bonanza discovery outcrop. Hole PSBZ-17-02 intersected massive arsenopyrite mineralization and assayed 1.23 g/t Au over 0.5m (9.5 – 10.0m) and 1.00 g/t Au over 2.0m (19.0 – 21.0m). PZBZ-17-08 assayed 0.75 g/t Au over

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1.0m (28.0 – 29.0m). Despite intersecting abundant quartz stockwork, the holes drilled in and around the Bonanza discovery outcrop had little gold mineralization. PSBZ-17-03 was drilled under the discovery outcrop and yielded multiple small intercepts of gold mineralization, such as 1.31 g/t over 1.0m (84.0 – 85.0m). The hole into Bonanza South, PSBZ-17-09 did not yield any significant intercepts.

In 2018, Newmont drilled one hole to a depth of 230 meters. This hole was designed to test a quartz vein swarm at a lithological contact within a topographical linear low. No significant assays were returned in this particular drill hole. A final drill log with descriptions, and section/plan are pending.

#### ***Big Bang***

Approximately 13 kilometres along strike of Goldstack is an eight square kilometre area of intense structural alteration with multiple gold-mineralized outcrops. It consists of a series of mineralized quartz stockwork veins and breccias. Multiple bedrock grab samples from this zone returned gold values from detection level up to 21.2 grams per tonne. Initial channel sampling yielded a best result of 2.17 grams per tonne gold over 1 metre. Two holes were drilled from the same setup at Big Bang in 2017 totaling 362.72m. Despite displaying prospective quartz veining and minor arsenopyrite mineralization, no significant gold assays were intersected.

In 2018, Newmont drilled four (4) drill holes in Big Bang East totaling 868 meters. The drilling was designed to test geochemical and structural targets. The drilling intersected arenaceous metasediments with interbedded sandstone and siltstone with minor greywacke. Drill hole PTU-00009 intersected a thin anomalous quartz veinlet with arsenopyrite mineralization, which returned 0.70 g/t Au from 55.0 to 55.5. The remaining drill holes did not intersect any significant gold mineralization. Refer to the above 2018 drill summary table. Final drill logs with descriptions, and drill sections and plans are pending.

#### ***Gold Standard***

This discovery was made in 2016, six kilometres east of Goldstack. It is distinguished by the presence of gold in an area of widespread flat-lying siliceous sediments with multiple layers of finely disseminated sulphides. Two bedrock grab samples taken 10 metres apart assayed 4.76 grams per tonne gold and 1.36 grams per tonne respectively. The first sample was taken from a quartz vein within the sedimentary unit, and the second was a sample of the sedimentary rock itself. This is a new style of mineralization for the Plateau South property, and confirms that gold is widespread throughout the property and not confined to the brittle, coarse grained quartz-feldspathic units.

No drilling was conducted in 2018 in the Gold Standard target area.

#### ***Gold Rush***

Gold mineralization has been found in rock and soil, associated with a multi-element soil anomaly two kilometres long that was discovered in 2011, and remains open. Twenty one soil samples to date assayed over one gram per tonne gold, including five samples that assayed 26.82, 11.34, 9.91, 7.52, and 4.38 grams per tonne gold. Eleven rock grab samples from the Gold Rush zone assayed over one gram per tonne gold, including three samples that assayed 8.99, 5.56, and 3.39 grams per tonne. Two of three preliminary prospecting holes drilled in 2012 intersected anomalous gold over narrow widths (0.41 grams per tonne gold over 1.05 metres from 7.95 to 9 metres down-hole; 0.36 grams per tonne gold over 0.5 metres from 19.7 to 20.2 metres down-hole and 0.46 grams per tonne gold over 0.4 metres from 37.7 to 38.10 metres down-hole), but did not explain the large surface gold in soil anomaly at Plateau North. Additional soil sampling, study, compilation, and high-resolution ground geophysics was conducted in 2017.

In 2018, Newmont drilled seven (7) drill holes totaling 2383 meters. The drilling was to test both a geochemical target and an EM anomaly. Three of the drill holes intersected thin altered intercepts with arsenopyrite and pyrite, with the remaining drill holes intersecting no significant gold mineralization. Refer to the above 2018 drill summary table. Final drill logs and descriptions with drill sections and plans are pending.

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#### 6. Petroleum and natural gas assets

As a result of its acquisition of Petro One, Goldstrike has indirectly acquired all of Petro One's petroleum assets, including the Milton Viking Oil Field (Saskatchewan) and a farmout well at Bromhead (Saskatchewan).

Total oil production from all of the Company's wells between October 27, 2011 and September 30, 2018 was 29,436bbl generating gross revenues of \$2,327,290.

As of April 30, 2015, McDaniel and Associates Consultants Ltd. assigned Petro One gross proved and probable reserves of 113,900 barrels of light/medium oil, including 17,000 barrels of proved developed producing reserves, 9,500 barrels of probable developed producing reserves, and 87,500 barrels of probable undeveloped reserves (Petro One Management Discussion and Analysis, December 23, 2015). Due to prevailing low oil prices, Petro One's Milton production was suspended in August 2015 until economic conditions improve. The farmout well remains in production.

All of the wells in Petro One's Milton field have produced oil, but operating economics vary greatly between wells, and all wells are currently shut in due to current low global oil prices. The Viking is known to be under pressured, with perched water that is not connected to an underlying aquifer, and all wells have demonstrated improved performance over time, if production remains uninterrupted. Weather, access, and mechanical problems increase the water cuts and operating costs in all of the wells. A water disposal well on the property has been proposed to make more of these wells viable when oil prices improve.

The historical production figures for all of Petro One's wells are given in the attached table. Note that natural gas was flared and did not add to revenues. All the revenue received to date in the development stage from test wells or other incidental production is treated as recovery of capitalized exploration costs.

The Company's petroleum sales summary to September 30, 2018 is as follows:

PETRO ONE MILTON			
10A-15-30-27W3	Suspended August 2015, resumed production July 2017, suspended Nov 2017, resumed production July 2018		
Quarter (Petro One)	oil m3	oil bbl	Gross oil receipts
July 1, 2011 – Aug 31, 2015	2,708	17,033	\$1,411,155
July 1, 2017 – Dec 31, 2017	228	1,434	77,656
July 1, 2018 – Sep 30, 2018	211	1,325	116,213
Subtotal	3,147	19,792	1,605,024
11-15-30-27W3	Suspended October 31, 2014, resumed production July 2017, suspended Nov 2017, resumed production July 2018		
Aug1, 2011 -- Oct 31, 2014	608	3,819	
	330,655		
July 1, 2017 – Sept 30, 2017	44	274	
	15,795		
July 1, 2018 – Sep 30, 2018	33	205	
	15,573		
Subtotal	685	4,298	362,023
8-15-30-27W3	Suspended June 19, 2012		
Subtotal	29	183	13,757
7-15-30-27W3	Suspended May 29, 2012, retested Q2 2014, suspended October 31, 2014		

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	Subtotal	43	272	23,115
6A-15-30-27W3	Suspended May 21, 2012			
	Subtotal	53	334	28,143
15-15-30-27W3	Suspended May 31, 2012			
	Subtotal	-	-	-
hz 8-21/6-22-30-27W3	Suspended April 30, 2015, resumed production July 2017, suspended Nov 2017, resumed production July 2018			
	Jan 1, 2015 - April 30, 2015	110	688	33,867
	July 1, 2017 – Dec 31, 2017	20	128	7,766
	July 1, 2018 – Sep 30, 2018	2	13	996
	Subtotal	132	829	42,629
<b>PETRO ONE ROSEBANK</b>				
11-29-4-32W1	Suspended December 21, 2011			
	Subtotal	4	25	2,237
Subtotal Petro One 100% owned wells				
		4,093	25,733	2,076,928
<b>BROMHEAD FARMOUT (PETRO ONE SHARE OF PRODUCTION BASED ON 10%ORR)</b>				
hz 191/5-30-3-2W2	On production December 28, 2012			
	Dec 28, 2012 – Feb 29, 2016	428	2,741	199,964
	Mar-16	9	56	1,629
	Apr 1, 2016 – June 30, 2016	17	105	4,413
	July 1, 2016 – September 30, 2016	17	104	4,478
	October 1, 2016 – December 31, 2016	16	104	4,933
	January 1, 2017 – March 31, 2017	12	99	3,777
	April 1, 2017 – June 30, 2017	14	86	4,248
	July 1, 2017 – September 30, 2017	9	57	2,516
	October 1, 2017 – December 31, 2017	11	72	4,459
	January 1, 2018 – March 31, 2018	14	87	5,824
	April 1, 2018 – June 30, 2018	15	96	7,018
	July 1, 2018 – Sept 30, 2018	15	96	7,103
	<b>Subtotal</b>	<b>577</b>	<b>3,703</b>	<b>250,362</b>
	<b>Total all wells</b>	<b>4,670</b>	<b>29,436</b>	<b>\$2,327,290</b>

Production from the Milton field has been restricted from March to the end of May each year due to spring break-up. Due to weather and access problems, a total of 27 production-days were lost in summer 2013, and an additional 82 production days were lost in the first quarter of 2015, and 85 production days were lost in the second quarter of 2015. Mechanical problems caused the loss of 16 production days in the first quarter of 2016. All Petro One owned wells were shut in as of August 31, 2015.

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As the commodity price recovered in the summer of 2017, Petro One resumed production of three wells for further testing, which has returned positive production in two of the three wells. Petro One started the same testing of three wells in the summer 2018. The production results are included and reported in the above table. The Bromhead farmout was shut in during the first quarter of 2016 but returned to production in the second quarter and has continued production since.

#### **Saskatchewan and Manitoba oil resources**

In 2015, the Company reduced its land holdings to 887 hectares (2,192 acres/3.4 sections, 9,034 acres/9.65 sections). The remaining leased lands are known as J1, J4, J5 and J10. All of the leases are targeting light oil at reservoir depths ranging from 740 to 1,700 metres.

#### **J5 Property, Milton Saskatchewan**

As noted above, Petro One's J5 Milton property has current gross proved and probable reserves in the Viking (McDaniel and Associates Consultants Ltd., April 30, 2015).

Production from all wells on the Company's J5 property at Milton, Saskatchewan between July 27, 2011 and July 31, 2015 was 22,323 bbl. Due to the worldwide glut of oil, all Petro One's wells are uneconomic to produce at this time, and are currently suspended. The economics of re-establishing the production from these wells is to be reviewed when oil prices recover. Conversion of an existing well to water disposal and tying in the by-product gas to a pipeline that runs across the property are being considered as options that would improve the operating economics of these wells.

The Milton J5 property now covers three sections, two of which include all rights from surface to basement, and one covers all rights below the Viking. Most production to date has come from a highly porous and permeable conglomerate at the base of the Viking that runs east-west through Section 15. This reservoir is amenable to both horizontal and vertical drilling, and yielded a 3 month initial production rate of 82 bopd in the 10A-15-30-27W3 discovery well. This well has proved to be a steady and dependable producer, yielding over 17,000 barrels of oil in its first four years of operation, at an average rate of 20 barrels per day. A horizontal well that was drilled outside the conglomerate trend from a surface location in 8-21-30-27W3 to a downhole location in 6-22-30-27W3 (1.3 kilometres north of the 10A-15 producer) successfully produced oil from a tight sand in the Upper Viking that is widespread in the area, but due to current economic conditions, this well had to be shut in along with the rest of the field.

As part of the J5 property, Petro One holds subsurface rights to one section with Bakken and Success potential that remains to be drilled.

#### **J10 Prospect, Bromhead Saskatchewan**

In 2012, the Company signed a farmout and royalty agreement with ARC Resources Ltd. on its 100% controlled J10 property at Bromhead, Saskatchewan. By paying 100% of the drilling and completion costs, ARC earned a 100% before payout and 70% after payout interest in the Test Well Spacing Unit to the base of the Frobisher, subject to a 10% gross overriding royalty (the "GORR") in favour of Petro One.

Having earned an interest in the southwest quarter of the Bromhead property by drilling the discovery well, ARC decided to drop its option on the remainder of the property, but indicated an intention to conduct additional drilling on its earned quarter in 2014, under the terms of the agreement, giving Petro One a 10% GORR on the additional wells, convertible at Petro One's option to a 30% working interest after payout.

ARC's earning well went on production December 28, 2012, with a three month average initial production of 110.3 barrels of oil per day (11 bopd for Petro One's 10% GORR). Total production from the farmout well to March 31, 2016 was 4,370 m<sup>3</sup> (27,970 bbl), with an average production rate of approximately 25 bopd over the life of the well.

On the remaining three quarters of the Bromhead property that is 100% owned by Petro One, seismic has indicated several more low risk horizontal development drilling locations close to the farmout discovery. These locations are amenable to cost-effective open hole completions, contingent on the recovery of oil prices.

The Company retains a carrying value of \$616,109 on the J10 property.

#### **J1 Prospect, Rosebank, Saskatchewan**

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Petro One's initial drill hole at 11-29-4-23W1 on its 100% owned J1 Rosebank property produced oil at a steady rate from the top of the Alida Beds. The property is adjacent to strong, long-lived producers in the Rosebank oil field, but the target Frobisher Beds above were tight at this location, and the well had to be shut in due to a consistently high water cut attributed to the Alida Beds. The high water cut is understood to be due to the close proximity of the regional oil-water contact two metres below the lowest perforations in the Alida zone, and the high porosity and permeability of the reservoir. The Company retains the subsurface rights to LSD 11, but LSDs 12, 13, and 14 expired on March 31, 2015. The well site has been remediated pending final abandonment.

#### **J4 Prospect, South Reston, Manitoba**

On February 24, 2013 Petro One and Goldstrike Resources Ltd. announced the completion of the first well of a joint venture announced on November 26, 2013: the SR-1 vertical wildcat oil well at South Reston, Manitoba (5-17-6-26W1). Drilling encountered a large Wausortian mound with a strong oil show in a 20 metre interval at the top of the Mississippian Lodgepole formation, which was the targeted formation. Cuttings from 790 to 810 metres drill depth had medium brown oil stain, vivid fluorescence and fluorescent cut, and emitted a strong petroliferous odor during sample wash. Parameters calculated by an independent petrophysicist for what he has indicated to be a newly discovered reservoir are 17 metres of indicated net pay, 10.34 per cent porosity, 50.89 per cent water saturation, and 0.63 mD permeability.

The well was completed, but it was shut in after inconclusive test results during completion, and a brief follow-up test in late 2014. The property initially consisted of 2 sections of mixed freehold and Crown land, and due to current low oil prices, no follow-up drilling was done, and the half section Crown lease was allowed to expire in August, 2015, and the Company fully impaired the carrying value of the J4 property by \$450,223 as of April 30, 2015. The well site has been remediated, pending final abandonment.

#### **J12 and 13 Prospect, Hardy- Minton Area, Saskatchewan**

The Company has relinquished all of its 100% owned Hardy-Minton properties except for a quarter section that is subject to a farmout agreement with Crescent Point Energy Corp. The Hardy-Minton land is located on a regional structural high that is associated with strong Red River production in the Hardy South and Minton oil fields. The recent discovery of Bakken oil has generated new activity in the Hardy South-Minton area, and Petro One's farmout land is considered to have strong dual-zone Red River-Bakken potential.

### **6.1 National Instrument 51-101 Disclosure**

**BOE** means barrels of oil equivalent. It may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip, and does not represent a value equivalency at the wellhead.

**Oil production** during a period is generally expressed in terms of "barrels per day", which indicates the total oil produced during a period divided by the number of hours that the well was in production during that period. "Barrels per day" is indicative of flow rate while a well is in production and does not mean that such well was in constant production during such period.

#### **Prospective resources**

The resources described in the report and in this document are "undiscovered resources" as defined in the Canadian Oil and Gas Evaluation Handbook. Undiscovered resources are defined as those quantities of oil and gas estimates on a given date to be contained in accumulations yet to be discovered. The estimates of the potentially recoverable portions of undiscovered resources are classified as prospective resources.

Prospective resources are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. They are technically viable and economic to recover. Pursuant to s. 5.9(d)(v) of NI 51-101, the Company cautions that that there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the

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resources. Prospective resources are defined as those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations.

**Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

**Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves.

**Possible reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

#### 7. Future Outlook

The strategic alliance with Newmont ensures the necessary funding required to further explore and exploit the Plateau property. In addition, the Company will benefit from Newmont's wealth of human resources, experience and proprietary technical tools, all of which will enhance the exploration process.

The financial terms with Newmont will provide the Company the time and financial resources to focus on its other major project - the Lucky Strike property. The property is 100% owned and drill ready. An advanced exploration permit is in progress to facilitate intensive diamond drilling of identified targets.

The Company is also in position to re-evaluate its strategy regarding Petro One in terms of re-working some of the wells and/or marketing its oil and gas assets.

#### 8. Selected Annual Information

	Year Ended December 31, 2017 \$	Year Ended December 31, 2016 \$	Year Ended December 31, 2015 \$
Net and comprehensive loss	(4,091,810)	(5,341,128)	(1,269,843)
Basic loss per share	(0.02)	(0.04)	(0.01)
Total assets	19,865,843	13,910,276	7,069,513
Current liabilities	122,957	296,930	217,873
Working capital	5,139,796	4,236,706	2,522
Dividends	Nil	Nil	Nil

In 2015, the most significant items that comprised the loss of \$1,269,843 were the recognition of mineral property costs written off of \$696,774 and stock-based compensation of \$206,338, a foreign exchange gain of \$13,883 and a credit entry due to the settlement of flow-through share premium in the amount of \$76,185. Total assets increased slightly in 2015 due mainly to the net addition of \$438,076 in mineral property costs to the exploration and evaluation assets in the balance sheet.

Net loss in 2016 was \$5,341,128 as compared to \$1,269,843 for 2015. Two main causes contributing to the large loss in 2016 were the recognition of \$1,184,008 (2015: \$206,338) in stock-based compensation and \$3,218,116 (2015: nil) in premium paid on the acquisition of Petro One. Total assets increased substantially in 2016 as a significant amount of financing was raised in the year. As at the end of fiscal 2016, cash on hand was \$4,386,463 (2015: \$147,715); exploration and evaluation assets were valued at \$8,756,082 (2015: \$6,846,910); and petroleum and natural gas assets were valued at \$564,997 (2015: \$nil). As a result of the financing in 2016, the working capital amount was \$4,236,706 (2015: \$2,522).

Net loss in 2017 was \$4,091,810, lower compared to \$5,341,128 in 2016 as mineral property costs written off were lower, \$47 as compared to \$347,484 in 2016, and \$nil in premium paid on the acquisition of Petro One compared to

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\$3,218,116 in 2016. Total assets increased substantially in 2017 mainly due to addition of \$5,111,027 in exploration and evaluation assets in the balance sheet. As at the end of fiscal 2017, cash on hand was \$5,048,127 (2016: \$4,386,463); exploration and evaluation assets were valued at \$13,867,109 (2016: \$8,756,082); and petroleum and natural gas assets were valued at \$671,014 (2016: \$564,997). Working capital in 2017 was \$5,139,796 (2016: \$4,236,706).

#### 9. Results of operations

##### 9.1 Nine Months Ended September 30, 2018 and 2017 review:

For the nine months ended September 30, 2018, the Company recorded a net gain of \$6,090,288 compared to a net loss of \$4,082,304 for the nine months ended September 30, 2017. The contributing factors for the gain in 2018 were the gain from asset distribution as per the plan of arrangement of \$6,792,626 in the current period, and foreign exchange gain of \$61,368 compared to a loss of \$107,949 in the same period of 2017.

Major accounts that changed notably for the year ended were as follows:

	September 30, 2018	September 30, 2017	Change	
	\$	\$		
<b>Expenses:</b>				
Listing and filing fees	25,563	49,916	(24,353)	1
Management consulting	126,400	56,250	70,150	2
Bonus	-	300,000	(300,000)	3
Office and miscellaneous	131,891	108,142	23,749	4
Professional fees	267,779	193,816	73,963	5
Stock-based compensation	104,074	3,176,240	(3,072,166)	6
	655,707	3,884,364	(3,228,657)	
Other items:				
(Gain) from distribution as per arrangement	(6,792,626)	-	(6,792,626)	
Fair value adjustment on investments	21,854	-	21,854	
<b>All other items</b>	<b>(6,745,995)</b>	<b>197,940</b>	<b>(6,943,934)</b>	
<b>Total loss or (gain)</b>	<b>(6,090,288)</b>	<b>4,082,304</b>	<b>(10,172,591)</b>	

1. Listing and filing fee was higher in 2017 due to more filings completed for Newmont Investment Agreements.
2. Management consulting is higher in current period due to reclassification of certain expenses from the management.
3. No bonus paid in current period.
4. Office expenses increased by \$23,749 compared to the same period last year due to a write off of Petro One prepaid of \$47,221.
5. Professional fees were higher in current period due to the significant amount of legal services retained to facilitate the Arrangement with Luckystrike Resources Ltd.
6. Stock-based compensation is lower as a result of no new stock options being granted during the current period.

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#### 9.2 Three Months Ended September 30, 2018 and 2017 Review:

For the three months ended September 30, 2018, the Company recorded a net gain of \$6,502,883 as compared to a net loss of \$129,353 for the three months ended September 30, 2017. The main contributing factor for the gain in 2018 was the gain from asset distribution as per the plan of arrangement of \$6,792,626 in the current period.

Major accounts that changed notably for the year ended were as follows:

	September 30, 2018	September 30, 2017		
	\$	\$	Change	
<b>Expenses:</b>				
Listing and filing fees	3,607	2,387	1,220	1
Management consulting	68,250	18,750	49,500	2
Office and miscellaneous	36,244	33,223	3,021	3
Professional fees	71,464	20,214	51,250	4
Stock-based compensation	51,859	(26,037)	77,896	5
	231,424	48,537	182,887	
<b>Other items:</b>				
(Gain) from distribution as per arrangement	(6,792,626)	-	(6,792,626)	
Fair value adjustment on investments	21,854	-	21,854	
<b>All other items</b>	36,465	80,816	(44,351)	
<b>Total (loss) or gain</b>	(6,502,883)	129,353	(6,632,236)	

1. Listing and filing fee is in line with comparative period in 2017.
2. Management consulting is higher in current period due to reclassification of certain expenses from the management.
3. Office expenses is in the same range of expenditures compared to the same period last year.
4. Professional fees were much higher in the 2018 due to the significant amount of legal services retained to facilitate the Arrangement with Luckystrike Resources Ltd.
5. No new stock options were granted during the current period.

#### 9.3 Resource Property Expenditures:

During the nine months ended September 30, 2018, exploration and evaluation decreased by \$2,543,133 (2017: Increased by \$4,766,561) bringing to a total valuation of \$10,979,510 (2017: \$13,522,643). The decrease in the capital expenditure was mainly due to the fact that Newmont became the operator of the flagship project Plateau this year and the exploration expenditures associated with the project was incurred directly by Newmont.

For a detailed breakdown, see the mineral property schedule in Note 6 of the Company's interim financial statements ended September 30, 2018.

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**10. Quarterly Financial Information**

Description	9/30/18 \$	6/30/18 \$	3/31/18 \$	12/31/17 \$
<b>Operations</b>				
Interest and other income (loss)	10,846	25,149	10,762	(13,251)
Expenses	(219,743)	(228,670)	(228,314)	(258,038)
Stock-based compensation	(51,859)	(37,817)	(14,398)	(17,594)
Write-off of mineral property costs	-	-	-	(47)
Loss (gain) on disposal of well-site equipment	-	-	-	(24,493)
Gain from distribution as per arrangement	6,792,626	-	-	-
Fair value adjustment on investments	(21,854)	-	-	-
Other non-cash charges	(1,512)	(1,513)	(4,783)	315,960
Foreign exchange gain (loss) and other	(5,621)	29,602	37,387	6,969
Net gain (loss)	6,502,883	(213,249)	(199,346)	(9,506)
Basic gain (loss) per share	-	-	-	-
<b>Total Assets</b>				
Cash and cash equivalents	1,580,615	4,312,382	4,864,235	5,048,127
Other current assets	289,457	100,457	69,003	214,626
Investment	2,478,146	-	-	-
Assets Held for Distribution	-	3,697,224	-	-
Exploration and valuation assets	10,979,510	10,887,508	14,122,298	13,867,109
Petroleum and natural gas assets	714,885	717,340	680,137	671,014
Equipment and other assets	24,779	85,511	66,245	64,967
	16,067,392	19,800,422	19,801,918	19,865,843

Description	9/30/17 \$	6/30/17 \$	3/31/17 \$	12/31/16 \$
<b>Operations</b>				
Interest and other income (loss)	11,036	25,571	(274)	12,513
Expenses	(111,806)	(366,672)	(351,563)	(219,215)
Stock-based compensation	26,037	(3,155,668)	(46,609)	(58,883)
Write-off of mineral property costs	-	-	-	(347,484)
Write-off of oil and gas property	-	-	-	534,513
Other non-cash charges	(1,437)	(1,429)	(1,541)	277,482
Foreign exchange gain (loss) and other	(53,183)	(53,828)	(938)	2,268
Net gain (loss)	(129,353)	(3,552,026)	(400,925)	201,194
Basic gain (loss) per share	-	-	-	(0)
<b>Total Assets</b>				

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Cash and cash equivalents	5,384,733	9,524,089	4,145,219	4,386,463
Other current assets	367,451	259,007	103,750	147,173
Exploration and valuation assets	13,522,643	9,447,899	9,052,165	8,756,082
Petroleum and natural gas assets	617,719	616,109	588,453	564,997
Equipment and other assets	57,629	54,153	54,800	55,561
	19,950,175	19,901,257	13,944,387	13,910,276

**Quarter ending September 30, 2018:**

Normal operating expenses for the quarter with the exception of the recognition of a gain of \$6,792,626 as per the plan arrangement with Luckystrike Resources Ltd.

**Quarter ending June 30, 2018:**

Typical operating results in the quarter due to the absence of any major write-offs or recognition of any extraordinary charges.

**Quarter ending March 31, 2018:**

Normal operating expenses for the quarter with the exception of write off of \$47,221 in prepaid.

**Quarter ending December 31, 2017:**

Typical operating results in the quarter due to the absence of any major write-offs or recognition of any extraordinary charges. Exploration valuation assets increased substantially in the quarter due to an expanded 2017 summer exploration program.

**Quarter ending September 30, 2017:**

Typical operating results in the quarter due to the absence of any major write-offs or recognition of any extraordinary charges. Exploration valuation assets increased substantially in the quarter due to an expanded 2017 summer exploration program.

**Quarter ending June 30, 2017:**

Normal operating expenses for the quarter with the exception of the recognition of \$3,155,668 in stock-based compensation due to the granting of share purchase options. Cash increased substantially in the quarter due to completion of the private placement with Newmont.

**Quarter ending March 31, 2017:**

Due to an increase in activities and business transactions, expenses increased in the quarter from previous quarters.

**Quarter ending December 31, 2016:**

A net gain incurred in the quarter due to a year-end credit adjustment of \$602,263 to offset a charge against the recognition of a premium on acquisition of Petro One recorded in the quarter ending March 31, 2016.

**Quarter ending September 30, 2016:**

Typical operating results in the quarter due to the absence of any major write-offs or recognition of any extraordinary charges. A financing in excess of \$3,000,000 was closed in the quarter resulting in the increase in total assets.

**Quarter ending June 30, 2016:**

Normal operating expenses for the quarter with the exception of recognition of \$1,060,607 in stock-based compensation due to the granting of share purchase options. Cash increased substantially in the quarter due to completion of the final tranches of a private placement as well as funding received through the exercising of warrants.

**Quarter ending March 31, 2016:**

Due to the acquisition of Petro One, a charge of \$3,777,595 against the oil and gas property was recorded, thereby causing the significant loss for the period. Cash increased due to collection of private placement completed during the quarter. Total assets increased substantially during the quarter as a result of the acquisition of Petro One and the closing of a major financing.

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#### **11. Liquidity and Capital Resources**

At this time, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find, acquire, or place in production and operate a mining property. Historically, the Company has raised funds through loans, shares for debt settlements, private placements and the exercise of options and warrants.

Through such means, the Company raised in excess of \$6,500,000 in fiscal 2016 and excess of \$1,200,000 fiscal 2015.

Share capital issued during the Year Ended Dec 31 2017:

- 12,705,715 common shares of the Company were issued pursuant to the investment agreement with Newmont, with the fair value of \$6,025,050.
- 8,889,572 common shares upon the exercise of warrants with exercise prices ranging from \$0.06 to \$0.30 for gross proceeds of \$1,039,313. Accordingly, the fair value of \$1,450 was reallocated from share-based payment reserves to share capital.
- 1,125,000 common shares upon the exercise of options with exercise prices ranging from \$0.05 to \$0.10 for gross proceeds of \$62,500. Accordingly, the fair value of \$137,640 was reallocated from share-based payment reserves to share capital.

On September 30, 2018 the Company had cash and cash equivalents of \$1,580,615 and working capital of \$4,229,723. Currently and into the foreseeable future, the Company is able to cover overhead expenses and to meet obligations committed to maintaining ownership and rights pertaining to all of the Company's mineral properties. Aside from mineral property option agreements, the Company has no other significant financial commitments.

On December 31, 2017, the Company had cash and cash equivalents of \$5,048,127 and working capital of \$5,139,796. Currently and into the foreseeable future, the Company is able to cover overhead expenses and to meet obligations committed to maintaining ownership and rights pertaining to all of the Company's mineral properties. Aside from mineral property option agreements, the Company has no other significant financial commitments.

In April 2017, the Company completed the initial private placement in excess of \$6,000,000 (US\$4,500,000) with Newmont. In addition, pursuant to the arrangement with Newmont, the Company also received an initial payment of approximately \$1,330,000 (US\$1,000,000). Refer to the notes to the December 31, 2017 consolidated financial statements regarding Newmont's financial obligations and commitments pursuant to the arrangement with the Company.

For the remainder of the fiscal year and beyond, significant resources will be required to finance the Company's planned exploration expenditures. While there are no assurances new funds can be raised, management believes such financing will be made available as required.

The Company manages its capital base by monthly, quarterly and annual cash flow forecasts. The timing and extent of both program implementation and financing are determined by management's evaluation of economic factors at the time, such as commodity prices, interest rates and foreign exchange, and non-economic factors such as expected impact that completion of a given program may have on the cost of capital.

#### **12. off-Balance Sheet Arrangements**

The company does not utilize off-balance sheet arrangements.

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**13. Transactions with Related Parties**

Related party transactions with directors and officers for the nine months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018	September 30, 2017
Legal fees incurred to a firm of which the Chairman of the Company is a principal	\$ -	\$ 236,417
Rents incurred to a company controlled by the spouse of the Chief Operating Officer of the Company	\$ -	\$ 11,138
Rents incurred to a company controlled by the Chairman of the Company	\$ -	\$ 11,138

Key personnel compensation:

	September 30, 2018	September 30, 2017
Management and accounting fees incurred to a company controlled by the Chief Financial Officer of the Company	\$ 97,500	\$ 112,500
Management fee incurred to a company controlled by the Chief Executive Officer	\$ 85,143	\$ -
Corporate development and communication fees incurred to a company controlled by the Chief Operating Officer of the Company	\$ 73,608	\$ 63,723
Exploration management fees incurred to a company controlled by the Chief Operating Officer and capitalized to exploration and evaluation assets	\$ 132,232	\$ 121,277
Performance bonus paid to a company controlled by the Chief Operating office of the Company	\$ -	\$ 300,000
Directors' fees incurred to directors of the Company	\$ 9,000	\$ 9,000

The following stock options were granted to management for the nine months ended September 30, 2018 and 2017:

	<u>September 30, 2018</u>		<u>September 30, 2017</u>	
	Number of Options	Options Valuation \$	Number of Options	Options Valuation \$
CEO	-	-	-	-
CFO	-	-	-	-
COO	-	-	-	-
Directors	-	-	-	-

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The following stock options were granted to management for the three months ended September 30, 2018 and 2017:

	<u>September 30, 2018</u>		<u>September 30, 2017</u>	
	<u>Number of Options</u>	<u>Options Valuation</u> \$	<u>Number of Options</u>	<u>Options Valuation</u> \$
CEO	-	-	3,600,000	0.33
CFO	-	-	350,000	0.33
COO	-	-	4,000,000	0.33
Directors	-	-	1,300,000	0.33

Amounts due to related parties are as follows:

	<u>As at September 30,</u>	
	<u>2018</u>	<u>2017</u>
	\$	\$
CEO	-	3,080
COO	-	-
CFO	-	-
Directors	-	-
Total	-	3,080

#### 14. Subsequent Events

In November 2018, 500,000 stock options which were previously issued to a consultant of the Company at the exercise price of \$0.2975 per share were cancelled after the consulting agreement was terminated.

#### 15. CRITICAL ACCOUNTING ESTIMATES

A detailed summary of all the Company's significant accounting policies is included in Note 2 of the Company's unaudited financial statements for the nine months ended September 30, 2018.

#### 16. Outstanding Share Data

The following securities were outstanding as at November 20, 2018:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	190,343,723	N/A	N/A
Share purchase options	27,750,000	\$0.21	Mar 5, 2020 – May 18, 2027
Share purchase warrants	40,283,232	\$0.35	Mar 24, 2019 - Apr 24, 2021
Fully diluted share capital	258,376,955	N/A	N/A

For a breakdown of the securities as at September 30, 2018, refer to Note 9 of the consolidated financial statements for the nine months ended September 30, 2018.

#### 17. Risk Factors

The Company operates as a mineral explorer in the mining industry, which presents the Company with new risks and uncertainties. Mineral exploration involves considerable financial and technical risks. Substantial time and

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expenditures are usually required to make a discovery and to establish economic ore reserves. It is impossible to assure that the current exploration properties and programs planned by the Company will result in an economic mineral discovery and development. Accordingly, success in achieving the objectives of the Company is affected by many circumstances over which the Company has no control. There is inherent risk in the exploration for mineral resources that is unavoidable.

Also, there are risks associated with the impact of commodity prices on the valuation of mineral properties and share prices and general changes in economic conditions.

Currency risk – The Company's operations are in Canada with most of its expenses being incurred in Canadian dollars. Therefore, currency risk is minimal.

Commodity risk – The valuation of the Company's gold as well as petroleum & natural gas projects and consequently its access to capital are influenced by the price of gold and oil. The price of gold has continued to be robust, yet the price oil has taken a severe beat. The long term trend of the price is unpredictable.

Market risk – The Company's mineral exploration activities have to be financed either through joint ventures or in the capital markets through the sale of its Common Shares. The ability of the Company to raise exploration funds in the capital market is highly dependent on the value the market places on the Company's mineral properties and the strength of the metal markets. The value the market places on the Company's mineral properties is directly related to the grade and thickness of the contained mineralization being reported and the potential to develop mineral values into an economic deposit. There is no assurance that the Company will be successful in obtaining the required financing.

Since September 2008, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur. Share prices of these companies have trended downward making equity financing for many in the shorter term extremely difficult.