



Havilah Mining Corporation

Interim Management Discussion and Analysis
For the Nine Months Ended September 30, 2018

This Interim Management Discussion and Analysis ("MD&A") is an overview of all material information about the operations, liquidity and capital resources of Havilah Mining Corporations (the "Company" or "Havilah") for the three and nine months ended September 30, 2018. The MD&A was prepared as of November 26, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 and 2017 and the related notes contained therein which have been prepared under International Accounting Standard 34 – Interim Financial Reporting as issued by the International Accounting Standards Board. All figures are in Canadian dollars unless otherwise stated. In this MD&A, references to grams per ton and ounces per ton will be shown as g/t and oz/t.

The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol HMC and in the United States on the OTCBB under the stock symbol "HAVXF". Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website www.havilahmining.com.

OVERVIEW

Havilah is a junior gold producer that owns the True North mine and mill complex ("True North") and is currently reprocessing historic tailings. In addition to operating True North in Bissett, Manitoba, Havilah owns approximately 43,000 hectares of highly prospective land within and adjacent to the Rice Lake belt. Havilah believes their land package is a prime exploration opportunity to develop a mining district with a central milling facility. The Company also owns 50% of the Tully project near Timmins, Ontario. The Company intends to focus on both organic growth opportunities and accretive acquisition opportunities in North America.

ARRANGEMENT AGREEMENT AND CONTINUITY OF INTEREST

On March 16, 2018, Klondex Mines Ltd. ("Klondex") entered into an arrangement agreement (the "Arrangement Agreement") with Hecla Mining Company ("Hecla") and 1156291 B.C. Unlimited Liability Company, a wholly-owned subsidiary of Hecla. Under the terms of the Arrangement Agreement, which closed on July 20, 2018, Hecla would acquire all the outstanding common shares of Klondex. As part of the Arrangement Agreement, holders of common shares of Klondex ("Klondex Shareholders") received consideration consisting of either cash, Hecla common stock, or a combination of cash and Hecla common stock, plus shares of Havilah, a new company, incorporated on May 3, 2018 to hold Klondex's Canadian assets comprised of Klondex Canada Ltd. (subsequently renamed to Havilah Mining Canada Ltd., ("Havilah Canada")) and Bison Gold Resources, Inc. ("Bison"). Under the terms of the Arrangement Agreement Hecla also subscribed for a 13.46% interest in Havilah by contributing \$9,242,800 (US\$7.0 million). All remaining liabilities related to Havilah Canada and Bison were funded by Klondex prior to the transfer of the assets with no liabilities transferring on completion of the Arrangement Agreement.

As Klondex Shareholders received the Havilah Common Shares in their respective, pre-arrangement proportionate interests, no change of control resulted in either the Company, or the underlying assets or business acquired. As such, the Arrangement Agreement is considered a capital reorganization and is excluded from the scope of IFRS 3, Business Combinations. Accordingly, the results up to July 20, 2018 have been presented in this MD&A, and in the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, on a continuity of interest basis of accounting with financial positions prior to the Arrangement Agreement based on amounts related to Havilah Canada and Bison previously recorded by Klondex. In addition, the information contained in the unaudited condensed interim statements of comprehensive loss and statements of changes in equity have been derived from certain allocations from Klondex's financial statements, and management cautions readers of this MD&A that the allocation of expenses may not necessarily reflect, or be otherwise indicative of, the future financial performance of the Company.

HIGHLIGHTS

- On July 20, 2018, the Arrangement Agreement, as described above, was completed, and the shares of Havilah Mining Canada Ltd. and Bison Gold Resources were transferred to Havilah Mining Corporation.
- Subsequent to the completion of the Arrangement Agreement, the Company successfully completed

its application to list on the TSX-V under the symbol “HMC” and commenced trading on July 25, 2018.

- The Company hired Dr. Scott Anderson as Vice President of Exploration on September 9, 2018. Dr. Anderson was the chief geologist of Precambrian Geoscience with the Manitoba Geological Survey. In his 17 years with the survey, Mr. Anderson's primary research focus was to document the stratigraphic and structural controls on orogenic gold mineralization in the Archean Rice Lake greenstone belt.
- On August 7, 2018, the Company entered into an asset purchase agreement with 55 North Mining Inc. to acquire the remaining 50% interest in the Tully mining claims located in Timmins, Ontario.
- On September 19, 2018 the Company closed a non-brokered private placement for total proceeds of \$960,300. Of this, \$724,500 was raised by way of flow through financing and will be used for the exploration work at Ogama-Rockland. Management funded a majority of the financing.
- During the first quarter, the underground mining operations were reduced to care and maintenance levels with the Company focusing on processing tailings commencing in April. Prior to the shutdown, True North mined 19,301 ore tons and produced 2,091 gold ounces.
- On April 20, 2018, the Company commenced re-processing of tailings at approximately 1,040 tons per day containing an average grade 1 g/t (0.03 oz/t). Proceeds from the tailings re-processing are used to fund the ongoing care and maintenance of the underground mine as well as cover the cost of milling operations.
- In August, the management began identifying and disposing old equipment and unused materials at the True North Facilities for total proceeds of \$0.1 million for the period ended September 30, 2018. This process is ongoing in the fourth quarter as management focuses on improving the efficiency of the operations and improving working capital.

FINANCIAL AND OPERATING SUMMARY

The three months ended September 30, 2018 is the first full period of the Company's operations on a separate basis from the Klondex operations. The activities related to this period have been reflected below in addition to the year-to-date amounts.

Nine months ended September 30	2018		2017	
Financial Results (in thousands)				
Revenue	\$	12,219	\$	27,553
Cost of sales:				
Production costs		20,487		28,425
Depreciation and depletion		3,050		4,225
Write-down of production inventories		923		6,875
Total Cost of Sales		24,460		39,525
General and Administrative Costs		869		3,028
Other expenses, including impairment charges		14,571		3,059
Net Loss and Comprehensive loss	\$	(27,633)	\$	(18,059)
Operating Results				
Gold equivalent ounces recovered		6,055		18,718
Gold ounces sold		7,234		16,823
Gold ounces remaining in inventory		3,299		5,919
Per Ounce Data				
Average realized price	\$	1,642	\$	1,648
Cash cost of operations per ounce produced ⁽¹⁾		2,895		2,039
All in sustaining costs per ounce produced ⁽¹⁾		3,051		2,754
Per Share Data				
Basic and diluted loss per share	\$	(1.16)	\$	(0.79)
Weighted average common shares outstanding				

Balance as of September 30	2018		2017	
Financial Position (in thousands)				
Cash and cash equivalents	\$	7,768	\$	5,683
Total assets		57,358		74,412
Total liabilities		3,566		12,986
Shareholder equity		53,792		61,426

(1) This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail.

REPORT ON OPERATIONS

During the first quarter, while the Havilah Canada operations (also referred to as the “True North operations” hereafter) remained under Klondex management, the underground operations were halted, and initial planning commenced for the reprocessing of the tailings from past production. Prior to the cessation of underground production, the True North operations mined 19,301 ore tons and produced 2,091 gold ounces. On April 20, 2018, the Company commenced hauling tailings material to the mill complex and processed at a rate between 1,000 and 1,200 tons per day with an average grade of 1 gram per ton or 0.03 oz/t. A total of 169,611 tons of tailings material containing 4,996 gold ounces has been processed so far in 2018. To date recovery of ounces from tailings material has been impacted by the fixed tail (gold not recovered) of 0.008 oz/t, resulting in a lower recovery percentage when compared to historical activity. The Company is continuing to analyze the processing method to reduce the fixed tail amount and improve recoveries. The tailings impoundment contains a probable reserve of 2.0 million tons at a grade of 0.75 g/t (see table below), providing over four years of production to the mill. The income received from the processing of tailings is used to fund the ongoing care and maintenance of the underground mines as well as cover the cost of mill operations.

True North Tailings Mineral Reserves

Category	Tons (k)	Au Opt	Au g/t	Au koz
Probable	1,950	0.022	0.75	43.2

1. Tailings Mineral Reserve estimate is based on tailings located at True North produced by previous operators to Havilah.
2. Tailings Mineral Reserve was estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
3. No mining losses have been applied to the designed historic tailing excavations and no additional unplanned dilution has been included.
4. Contained metal may differ due to rounding.
5. Cut-off grade = 0.026 opt Au (0.89 g/t Au) for 2016 to 2018 and 0.020 opt Au (0.69 g/t Au) for 2019 to 2023.
6. A dry bulk density of 0.044 tons per cubic foot was utilized in the tailings Mineral Reserve tonnage calculation.

Following the spin out of the Canadian operations from Klondex to Havilah, the Company turned its focus towards gaining a better understanding of the Ogama-Rockland property acquired in 2017 by Klondex as part of the Bison Gold Resources Inc. acquisition. Ogama-Rockland is located approximately 26 km southeast of True North (43 kilometres by road) and during the years 1948 to 1951 this property produced a total of 45,440 ounces of gold from 139,101 tons of ore at a recovered grade of 10.26 g/t.

The Company commenced a \$0.7 million program which includes an initial five holes totaling 2,000 metres. Concurrent with the drilling program, Havilah's geology team is relogging, sampling and photographing approximately 24,000 metres of drill core from the previous operator, which was stored onsite but is being relocated to secure facilities at True North. In addition, the current program will include channel sampling of mineralized veins and structures exposed on surface.

Results obtained from this program will be utilized to verify results reported by the previous owners, which were used to establish a historical inferred mineral resource estimate of 1.28 million tonnes containing 337,000 ounces of gold at a grade of 8.17 g Au/t(1). A Qualified Person as such term is defined by NI 43-101 has not done sufficient work to classify the historical estimate as a current mineral resource or mineral reserve, and the Company is not treating the historical estimate as a current mineral resource or mineral

reserve.

REVIEW OF FINANCIAL RESULTS

During the nine months ended September 30, 2018, the Company generated a loss of \$27.6 million compared to a loss of \$18.1 million for 2017. The earnings for Q3 YTD 2018 were negatively impacted by the cessation of mining activities at the True North mine and the costs pertaining to that closure. The Company also recorded an impairment charge to the capitalized development costs associated with the underground mine.

Revenue

Through Q3 YTD 2018, the Company sold 7,234 gold ounces at an average realized price of \$1,642 compared with the sale of 16,823 gold ounces in 2017 at an average realized price of \$1,637 (this excludes the effect of any derivative instruments used during that period).

Total revenues decreased by approximately \$15.3 million or 55.7% from \$27.5 million to \$12.2 million, during Q3 YTD 2018 when compared to Q3 YTD 2017. This change was due to approximately 12,665 fewer gold equivalent ounces produced as a result of the suspension of mining operations at the True North mine and the processing of lower grade tailings only from April 2018 onward.

Cost of sales

Cost of sales, which comprise the full cost of operations, the care and maintenance costs for the True North underground mine and also depreciation and depletion, amounted to \$24.4 million for Q3 YTD 2018 compared to \$39.5 million during Q3 YTD 2017. The decrease was primarily due to the suspension of mining operations at the True North mine in January 2018. This was offset by the \$1.4 million in severance costs incurred in Q1 2018 in lieu of notice as the Company laid off all but essential personnel required for continued mill operations, care and maintenance of the underground facilities, and for the operation of equipment necessary for hauling tailings.

The decrease in depreciation arises from lower average capital asset balances in 2018 compared with 2017 as a result of impairment charges taken both at December 31, 2017 and during 2018.

During the year, ore inventory (measured based on gold ounces measured) will vary depending on production levels as well as timing of gold sales. During 2018, due to the focus on processing tailings, the Company had significantly less gold inventory, with 1,052 ounces in circuit or in the refinery and another 2,247 ounces residing with Asahi, a third-party refiner, compared with a total of 5,919 gold ounces at the Q3 2017. The production costs applicable to ore processing for Q3 QTD 2018 were \$2.3 million compared with \$12.3 million in Q3 QTD 2017.

General and administrative costs

General and administrative expenses were \$0.9 million for Q3 YTD 2018 compared to \$3.0 million for Q3 YTD 2017. This \$2.1 million decrease related primarily to a significant reduction in costs allocated from the Klondex corporate office during the period from January 1 to July 20, 2018. During Q3 YTD 2017 \$3.0 million in Klondex corporate costs were charged to the True North operations whereas in 2018 only \$0.2 million in Klondex corporate costs were charged.

Other expense

Finance charges

Finance charges primarily relate to interest incurred on the intercompany loan from Klondex to Havilah during the period where Havilah was a subsidiary of Klondex. Total intercompany interest as at July 20, 2018, the completion date for the Arrangement Agreement, was \$4.4 million. During Q3 YTD 2017, the interest totaled \$4.3 million.

Foreign exchange gain or loss

Prior to the completion of the Arrangement Agreement, Havilah held significant US dollar loans from its parent company at the time, Klondex. These were subject to mark-to-market adjustments at each reporting period, resulting in a \$1.1 million loss in Q3 YTD 2018 and a \$1.2 million gain in Q3 YTD 2017 as the Canadian currency weakened from 1.24 to 1.30 Canadian for every US dollar in 2018 and strengthened

from 1.32 to 1.26 Canadian for every US dollar in 2017.

Impairment of mineral properties

In January 2018, under the management of Klondex, the Company ceased all underground activities at the True North mine other than required care and maintenance based on a continued inability to achieve planned operating and cash flow metrics. The Company commenced a strategic review of the operations and focused on processing tailings from past production at approximately 1,000-1,200 tons a day. With the subsequent spin-off of the True North operations to Havilah, the Board and senior management continued the review and determined that the past mine plans were uneconomic based on the current market and the mine should continue to be shutdown for an indefinite time period.

The current focus of the Company, as explained in the Outlook section, will be on the identification of other resources in the Rice Lake District as well as revising the underground mine plans. As a result of the decision to cease underground mining based on existing mine plans, it was determined that the carrying costs of development associated with the mine plan was impaired and a total charge of \$9.7 million, comprised of \$12.2 million of cost, net of accumulated depreciation of \$2.5 million, was recorded in Q3 2018.

EXPLORATION ACTIVITY

The primary near-term focus of exploration by the Company is the Ogama-Rockland property, acquired previously by Klondex in Q4 2017 and transferred to Havilah pursuant to the Arrangement Agreement. Due to the focus of Klondex management on the Hecla transaction and the restrictions of the Arrangement Agreement, expenditures during 2018 were minimized at the Canadian operations and no exploration activity occurred at Ogama-Rockland until late in Q3 2018, subsequent to the completion of the Hecla transaction.

The Company hired Dr. Scott Anderson as Vice President of Exploration on September 9, 2018. Dr. Anderson was the chief geologist of Precambrian Geoscience with the Manitoba Geological Survey. In his 17 years with the survey, Dr. Anderson's primary research focus was to document the stratigraphic and structural controls on orogenic gold mineralization in the Archean Rice Lake greenstone belt. Dr. Anderson is using his extensive knowledge on the Rice Lake district to begin compiling various historic work that has been neglected by prior operators Klondex and San Gold, as their focus was spent on the operating mines. Dr. Anderson has already generated several new targets to test on the company's extensive land package.

In September of 2018, the Company announced that it had all necessary approvals for the planned phase 1 drilling program at the Ogama-Rockland property and drilling had commenced. The \$0.7 million program includes an initial five holes totaling 2,000 metres. The drill program will include the acquisition of oriented drill core for the purpose of evaluating the geometry of the vein systems in much greater detail than has been done previously, thus refining the predictive exploration model for the Property. Concurrent with the drilling program, Havilah's geology team is relogging, sampling and photographing approximately 24,000 metres of drill core from the previous operator, which was stored onsite but has been relocated to secure facilities at Havilah's True North mine and mill complex. In addition, the current program will include channel sampling of mineralized veins and structures exposed on surface.

MINING OPERATIONS

True North is a past producing underground gold mining operation consisting of three underground deposits with a modern, fully-permitted mill. The following is a summary of operational information for the nine months ended September 30, 2018 and 2017. Note that silver is relatively immaterial to the operation so only gold ounces are shown.

Nine months ended September 30	2018	2017
Ore tons mined	19,301	146,333
Gold ounces mined	2,374	18,087
Ore tons milled	19,390	209,201
Tailings processed (tons)	169,611	–
Average gold mill head grade (oz/ton)	0.04	0.10

Nine months ended September 30		2018		2017	
Average gold recovery rate	%	82.1	%	93.2	
Gold ounces produced		6,055		18,718	
Gold ounces sold		7,234		16,823	
Average realized gold price	\$	1,642	\$	1,648	
Total cash cost per gold ounce sold ⁽¹⁾		2,895		2,039	
All-in sustaining cost per gold ounce sold ⁽¹⁾		3,051		2,754	

⁽²⁾ This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail.

During the first quarter of 2018, the True North underground mine transitioned from operations to care and maintenance. During the transition True North continued to mine 19,301 ore tons and produced 2,091 gold ounces. The Company commenced processing tailings on April 20, 2018 through the mill to maximize cash flow and offset ongoing care and maintenance costs.

For the nine months ended September 30, 2018, the Company had net additions of \$0.3 million, primarily related to pump replacement and mill refurbishment.

QUARTERLY RESULTS

The following selected financial information is a summary of the eight most recently completed quarters up to September 30, 2018.

Quarter Ended	Sept 30, 2018	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	June 30, 2017	Mar 31, 2017	Dec 31, 2016
Gold sold (ounces)	240	1,843	5,151	8,983	5,591	6,832	4,400	7,016
Revenues	\$394	\$3,137	\$8,688	\$14,621	\$9,027	\$11,287	\$7,239	\$10,686
Comprehensive (Loss)	\$(13,656)	\$(4,137)	\$(9,840)	\$(33,134)	\$(4,948)	\$(4,257)	\$(8,854)	\$(12,392)

The True North operations and Bison were acquired on January 22, 2016 and October 19, 2017, respectively, and, as such, the Company had no operations or assets prior to 2016. Following the acquisition, True North returned to production in the third quarter of 2016 and continued to operate until January 9, 2018, when True North was placed on care and maintenance as it was unable to achieve its planned operating and production targets. Since the acquisition, over each of the last eight quarters, the Company has recorded net losses, negative cash flows from operations, and relied historically on Klondex, the parent company until July 20, 2018, to fund business operations. During the fourth quarter of 2017, the Company, based on the impairment indicators present, the Company evaluated the True North operations based on the higher of the operations value in use or the fair value less cost of disposal. The estimated FVLCD for True North was \$45.6 million (US\$36.4 million) which resulted in a \$28.2 million impairment charge during the year ended December 31, 2017. The impairment charge was allocated on a pro-rata basis to the carrying value of True North's long-lived assets.

The quarter ended September 30, 2018 was the first full quarter where the Company undertook the re-processing of tailings in the existing impoundment facility. The Company processed a total of 90,814 tons at a grade of 1 g/t (0.03 OPT) at a 75% recovery rate, producing 1,922 ounces for the period. Overall tons processed were less than planned due to mill feed issues which were corrected late in the quarter with the addition of air cannons to the feed bins. Also, the recovery of ounces from tailings material has been impacted by the fixed tail (gold not recovered) of 0.008 oz/t, resulting in a lower recovery percentage when compared to historical activity. The Company is continuing to analyze the processing method to reduce the fixed tail amount and improve recoveries. During the quarter management also determined that the carrying costs of development associated with previous mine plans was impaired and a total charge of \$9.7 million, comprised of \$12.2 million of cost, net of accumulated depreciation of \$2.5 million, was recorded.

LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2018	December 31,
Cash	\$ 7,768	\$ 5,683
Total current assets	16,003	20,018
Total assets	57,358	74,412
Total current liabilities	1,143	10,680
Total liabilities	3,566	12,986
Total equity	53,792	61,426

Historically, the operations have been reliant on Klondex, the parent company at the time, to provide funding for ongoing operating costs. Prior to the completion of the Arrangement Agreement, the Company did not have any access to third party financial resources and has not generated positive operating cash flows as well as having incurred significant capital expenditures. The Company's strategy currently is based on maximizing cashflow from operations to support the ongoing care and maintenance costs of the underground mine as well as funding exploration at the Ogama-Rockland property, as well as other areas of the Rice Lake district. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's operations, exploration, and development programs, as well as the ability to obtain equity or other sources of financing and the price of gold.

As at September 30, 2018, the Company had cash and cash equivalents of \$7.8 million (December 31, 2017 – \$5.7 million) and working capital of \$14.9 million (December 31, 2017 – \$9.3 million). A significant component of the working capital surplus arises from 3,299 ounces held in inventory (2,247 held at the refinery) at quarter end, with a carrying value of \$4.8 million.

During the nine months ended September 30, 2018, the Company lost \$11.9 million from operating and investing activities, net of working capital changes. Prior to the completion of the Arrangement Agreement, the Company received \$3.7 million in advances from Klondex, the parent company during that period. On the closing of the Arrangement Agreement, Hecla subscribed for 3,539,332 common shares of Havilah by way of private placement, for total proceeds of \$9.2 million. On September 19, 2018, the Company closed a largely insider (80%) funded non-brokered private placement for aggregate proceeds of \$1.0 million.

Management considers the Company's liquidity position at September 30, 2018, comprised of cash and cash equivalents, together with cash flows from operations, to be sufficient to support the Company's normal operating requirements, exploration plans, and capital commitments on an ongoing basis.

Outstanding Share Data

Authorized: an unlimited number of common shares without par value	Common shares issued and outstanding	Stock Options	Warrants
Outstanding as at November 26, 2018	28,675,311	1,725,000	2,440,000

FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange currency risk, and commodity price risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at September 30, 2018 the Company had working capital of \$14.9 million. Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as the Company does not have any interest-bearing debt obligations or any other interest-bearing liabilities.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's historical foreign currency gains and losses primarily relate to amounts on intercompany loan balances and US dollar transactions with vendors. Subsequent to the Arrangement Agreement the Company has had minimal US dollar transactions and does not hold any intercompany loans denominated in US dollars.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold it produces. Prior to completion of the Arrangement Agreement, the Company's parent, Klondex, would mitigate price risk by entering into derivative financial instruments, such as fixed forward sales and collars. As of September 30, 2018, the Company itself had not entered into any agreements to mitigate its exposure to market price risk.

Contractual Obligations

The following table provides our gross contractual obligations as of September 30, 2018 (in thousands):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Reclamation obligation	—	—	—	\$ 5,825	\$ 5,825

The amounts shown above represent undiscounted amounts not reflective of inflation, see Note 12 *Reclamation obligation* for additional details.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements and no short or long-term debt obligations.

RELATED PARTY TRANSACTIONS

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three and nine months ended September 30, 2018 and 2017, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company. All fees have been reported as general and administrative expenses:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30,	September 30,	September 30, 2017
Professional fees	\$ 4,756	—	\$ 4,756	\$ —
Directors' fees	59,078	—	59,078	—
Management fees	156,175	—	156,175	—
Share-based payments	321,623	—	321,623	—
Total	541,632	—	541,632	—

OUTLOOK

With an experienced board of directors and management team, and a working capital balance of \$14.9 million, Havilah is well poised to advance the Ogama-Rockland property as well as their other properties in the Rice Lake District. The goal is to have multiple mines feeding production at the True North mill, while also remaining flexible and responsive to continuing volatility in the resource sector.

For the remainder of 2018 and into early 2019, focus for the Company will be on the continuation of a comprehensive exploration program which will collect data required for initial resource studies at Ogama-Rockland and continue evaluating other compelling exploration targets in the Rice Lake District.

A total of 2,000 metres of drilling is underway for the remainder of the 2018 season. The drill program is designed to test each of the modelled vein systems at Ogama-Rockland, in locations previously reported to contain significant mineralized intercepts. Auriferous veins at Ogama-Rockland are controlled by subparallel arrays of brittle-ductile shear zones within a tonalite-granodiorite pluton. The drill program will include the acquisition of oriented drill core for the purpose of evaluating the geometry of the vein systems in much greater detail than has been done previously, thus refining the predictive exploration model for the Property.

In addition to the drilling, the Company is continuing to focus on optimizing the tailings reprocessing operations to minimize ongoing costs and generate positive cashflow from these operations in the weather permitting months.

The Company is also actively evaluating other exploration and development assets with a view to building a robust and diversified mineral resource company. While at any given time discussions and activities may be in progress on a number of initiatives, the Company currently does not have any binding agreements or binding commitments to enter into any such transactions. There is no assurance that these corporate activities will ever progress to the stage where a potential transaction might be successfully completed.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; as well as, the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the carrying value and the recoverability of exploration and evaluation assets and the inputs used in calculating the fair value of share-based payment expense. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting estimates upon which the Company depends are those requiring estimates of reserves and resources, future recoverability of assets, future costs for reclaiming areas of operations, and assumptions around future commodity prices.

RECENTLY ADOPTED ACCOUNTING POLICIES

Effective January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") and IFRS 9 Financial Instruments ("IFRS 9").

IFRS 9

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more

judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

IFRS 15

The Company adopted IFRS 15 using the modified retrospective method, which required it to apply the new revenue standard to (i) all new revenue contracts entered into after January 1, 2018, and (ii) revenue contracts which were not completed as of January 1, 2018. In accordance with this approach, the consolidated revenues for periods prior to January 1, 2018 were not revised and there was no cumulative effect of the adoption of IFRS 15 as of January 1, 2018.

The Company's current revenue recognition policy is consistent with IFRS 15 which requires that revenue from contracts with customers be recognized upon transfer of control over a good to the customer. The recognition of revenue upon transfer of control is generally satisfied when title transfers to the customer. As a result, the adoption of IFRS 15 did not have an impact on the Company's financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

In conducting its business, Havilah faces a number of risks and uncertainties, many of which are beyond its ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. Investors are urged to review the discussion of risk factors associated with the Company's business as set out in the Company's annual Management Discussion and Analysis for the year ended December 31, 2017 as well as in the Company's audited consolidated financial statements (under the headings "Nature and Continuation of Operations" and "Significant Accounting Policies" and elsewhere within that document) for the year ended December 31, 2017, as filed on the SEDAR website at www.sedar.com.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included additional financial performance measures in this MD&A, such as production cash costs and all-in sustaining costs. The Company reports production cash costs and all-in sustaining costs on a per gold ounce sold basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

"Total cash costs per ounce" is calculated from operation's cash costs and dividing the sum by the number of gold ounces sold. Operations cash costs include mining, milling, smelter and other direct costs.

"All-in sustaining cash costs per ounce" includes total cash costs per ounce (as defined above) and adds the sum of G&A, share-based compensation, sustaining capital expenditures and certain exploration and evaluation costs, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of all-in sustaining costs per ounce. Additionally, certain other cash expenditures, including income tax payments and financing costs, should they apply, are not included.

The following tables provide reconciliation of total production costs per ounce as disclosed in this MD&A to the consolidated financial statements for the nine-month periods ended September 30, 2018 and 2017:

	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
<i>(in thousands, except ounces and per ounce figures)</i>				
Total cash costs per ounce				
Production costs	\$	18,871	\$	28,425
Write down of production inventory (cash portion)		2,068		5,884
Total cash costs	\$	20,939	\$	34,309
Gold ounces sold		7,234		16,823
Total cash cost per ounce	\$	2,895	\$	2,039
All-in sustaining costs per ounce				
Total cash costs	\$	20,939		34,309
General and administrative, net of depreciation		869		3,028
Sustaining capital expenditures ⁽¹⁾		262		8,987
All-in sustaining costs		22,070	\$	46,324
All-in sustaining costs per ounce	\$	3,051		2,754

⁽¹⁾ Sustaining capital expenditures are defined those expenditures which do not increase annual gold ounce production and excludes certain expenditures at the Company's operations which are deemed expansionary in nature. Capital expenditures include unpaid capital expenditures incurred in the period.

FORWARD LOOKING INFORMATION

This MD&A provides management's analysis of Havilah's historical financial and operating results and provides estimates of Havilah's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking information. By their nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking information. Havilah's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits Havilah will derive there from. Havilah disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable law.