

# **Transition Metals Corp.**

## **Management Discussion & Analysis**

### **For the Year Ended August 31, 2018**

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Transition Metals Corp. ("we", "our", "us", "Transition Metals", "TMC", "Transition" or the "Company") as of August 31, 2018 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations for the year ended August 31, 2018 and should be read in conjunction with the financial statements and related notes for Transition Metals as at and for the year ended August 31, 2018. This MD&A was prepared as of December 20, 2018.

The financial statements and related notes of Transition Metals have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is the Canadian dollar, and all monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise stated.

Transition Metals is a publicly traded mineral exploration Company. The Company's projects and their history are disclosed in press releases, technical reports and other continuous disclosure filings which may be viewed on the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.transitionmetalscorp.com](http://www.transitionmetalscorp.com).

Transition Metals Corp. ("TMC" or the "Company") is engaged in the acquisition and exploration of mineral exploration properties in Canada and the United States. The Company's registered office is 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, M5X 1B8.

## **INTERNAL QUALIFIED PERSON AND QUALITY CONTROL/QUALITY ASSURANCE**

Greg Collins, P.Geo., Chief Operating Officer of the Company, is a Qualified Person as defined under National Instrument 43-101 and has reviewed and approved the technical information contained in this MD&A.

## **OVERVIEW OF THE COMPANY**

Transition Metals (XTM-TSX.V) is a multi-commodity exploration company using the project-generator business model. This approach maximizes shareholder exposure to discoveries and capital gain while minimizing shareholder equity dilution by selling interest in the projects rather than ownership in the Company. The Company has established funding partnerships with a number of companies that are earning an interest in a Transition Metals property by providing a blend of cash, shares and royalties, and committing exploration expenditures to advance the projects. The Company has developed a portfolio of base and precious metals projects in Ontario, Nunavut, British Columbia, New Brunswick, Nova Scotia, Newfoundland and Saskatchewan with direct property ownership interest in approximately 1,392 km<sup>2</sup> mining land and share ownership interests in partner companies. Key projects for the Company include: the Sunday Lake PGM discovery near Thunder Bay now being advanced through a Joint Venture with Impala Platinum and Option Agreement with North American Palladium Ltd., and the Janice Lake project which is being advanced under an option agreement with Forum Energy Metals (Forum). Key investments for the Company include the Company's share holdings in: Canadian Gold Miner Corp. (CGM) which is focused on advancing the South Kirkland gold project, and Sudbury Platinum Corp. (SPC) which is focused on advancing the Aer-Kidd Ni-Cu-PGM project in Sudbury. In addition the company holds shares of public companies including Aldershot Resources Ltd. (Aldershot) and Forum.

The business of exploration and mining involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in the properties, the ability to obtain the necessary financing to complete exploration, development and construction of a mine and processing facilities, obtaining certain government approvals and attaining profitable production. There can be no assurance that the Company will be able to raise sufficient funds as and when required.

The Company's audited consolidated financial statements are prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of the Company's business. The application of the going concern concept is dependent on the Company's ability to obtain financing to continue its operations.

The Company presently has no known quantifiable mineral deposits that justify exploitation, and activities completed by the Company constitute exploratory searches for economic mineral deposits.

## **MINERAL PROPERTIES, ACTIVITY AND PLANS**

### **CORPORATE ACTIVITIES**

During the reporting period the Company was actively engaged in project generative research, property acquisitions and sourcing partners for its projects.

On December 14, 2017 the Company announced that it had raised proceeds totaling \$1,160,654.70 by selling 7,737,698 units consisted of one common share of the Corporation (a "Common Share") and one transferable share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share for a period of 24 months from closing at a price of \$0.20. If, after April 15, 2018, the closing price of the Common Shares on the TSX Venture Exchange (the "Exchange") is higher than \$0.30 for 20 consecutive trading days, based on the Volume Weighted Average Price on daily closing, then on the date that is the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the Warrants will be accelerated to the date that is 20 business days after the Acceleration Trigger Date provided the Corporation, within three trading days of the Acceleration Trigger Date, issues a news release announcing the acceleration of the expiry date and delivers or sends by electronic transmission a copy of such news release to the Warrant holders and the finders.

On February 6, 2018 the Company announced that it had entered into a definitive agreement to option a 100% interest in the Janice Lake sedimentary copper property in north central Saskatchewan to Forum Energy Metals Corp. On February 15, 2018 the Company announced that working together with Forum it had been able to secure an additional 15,331 hectares of claims covering extensions of the prospective copper trend identified in the Janice Lake area, which becomes part of the property package under the terms of the option agreement.

On June 25, 2018 Company affiliate SPC announced that it had created a new division called SPC Metals Corp., and had closed a non-brokered private placement financing of \$1,910,714. The financing consisted of 2,258,320 units (the "Units") of the Corporation at a price of \$0.20 per Unit, for gross proceeds of \$451,664 and 7,100,000 Flow Through Shares at a price of \$0.2055 per share for gross proceeds of \$1,459,050. Each Unit consisted of one common share of the Corporation (a "Common Share") and one share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share for a period of 24 months from closing at a price of \$0.30, subject to other terms and conditions specified in the Warrant certificates. XTM's equity interest has subsequently been reduced from 36% to 30%.

On June 28, 2018, Aldershot Resources Ltd., the optionor of the Company's Gowganda Gold project announced that they had completed a transaction resulting in a significant private placement and a new management group backed by Solo Liquor Stores Ltd. to launch a leading retail cannabis business in Western Canada. At the time of announcement, Transition Metals was the holder of approximately 5.5 million Aldershot common shares. On August 21, 2018 the Company reported that the option with Aldershot on the Gowganda Gold project had been terminated. The Company has subsequently sold 3.0 million shares.

On August 27, 2018 the Company announced that it had signed a binding Letter of Intent with VaniCom Limited ("VaniCom") of Perth, Western Australia for the sale of a 100% interest in the Dundonald Nickel Project located near Iroquois Falls, Ontario. The purchase terms include a payment of CDN\$50,000 by VaniCom to the Company on signing the Binding Letter of Intent with a further payment of CDN\$100,000

to the Company in cash on closing of the definitive Purchase Agreement. In addition, VaniCom will issue the Company shares with a value of CDN\$350,000. Transition will receive a 2.5% Net Smelter Return Royalty on any future production from the Property. The Letter of Intent also includes a requirement that VaniCom incur expenditures of at least CDN\$750,000 on exploration and development on the Property over a 36-month period.

On September 20, 2018, the Company announced that effective August 20, 2018, it had entered into an option agreement to acquire a 100% interest in the >45 square kilometre Highland Gold property located in the Cape Breton Highlands of Nova Scotia. Under the terms of the option agreement, Transition retains the right and option to earn a 100% interest in the property by completing \$1.5 million of expenditures and issuing \$170,000 in cash and \$175,000 in shares to the Vendor over a 5 year period. If the Company vests its interest, the Vendor would retain a 2% Net Smelter Return royalty (NSR) with Transition retaining the right to buy back 1% NSR for \$1.25 million.

## **EXPLORATION HIGHLIGHTS**

### **Transition Metals Corp.**

On March 27, 2018 the Company announced assay results from drilling completed by North American Palladium (NAP), on the Sunday Lake platinum-palladium (PGM) Project near Thunder Bay. Highlights from the drilling included:

- Hole SL-17-18B: 18.65 metres @ 4.05 g/t PGM (Pt+Pd+Au) including 4.9 metres @ 6.10 g/t PGM and 0.64% Cu
- Hole SL-18-21: 35.80 metres @ 3.90 g/t PGM including 6.50 metres @ 8.34 g/t PGM
- Hole SL-18-22: 33.20 metres @ 2.80 g/t PGM including 5.90 metres @ 6.80 g/t PGM and 0.67% Cu.

The Sunday Lake PGM property is held by Joint Venture Partners Transition Metals and Impala Platinum Holdings Limited ("Implats"). NAP holds an option to earn up to a 75% interest in the Property and XTM holds a 25% free carried interest through to the completion of a Feasibility Study.

On April 23, 2018 the Company announced that it had staked 6 new exploration projects in Ontario concurrent with the opening of map based staking in the province of Ontario. A total of 5,100 hectares were acquired over areas that the Company identified as being prospective for both base, precious and energy metals. On May 29, 2018 the Company provided details about one of the projects, a project the company believes may be highly prospective for hosting a large scale deposit of vanadium. Details concerning this and other projects acquired during the reporting period are provided more fully below.

On May 29, 2018 the Company provided an update regarding the Empire Lake Project, a highly prospective Vanadium Property located in northwestern Ontario. The Empire Lake Property was re-acquired by the Company in April of 2018 as part of a much larger staking program to secure ground around the opportunity. The property comprises 1,986 hectares covering a large regional magnetic anomaly associated with an under-explored mafic intrusion known to contain widespread vanadium-rich magnetite mineralization. Mapping and sampling completed by the Company has outlined a zone extending for up to 1.8 km in strike length with a width that varied between 50 to 170 m. Grab and channel samples have returned values of up to 0.63 weight % V<sub>2</sub>O<sub>5</sub>, 5.84 weight % TiO<sub>2</sub> and 65.1 weight % Fe<sub>2</sub>O<sub>3</sub>.

On August 21, 2018 The Company announced that sampling of waste rocks associated with an adit driven on the Big Four showing returned up to 3.04% Co and 31.6 g/t Ag from grab sampling of cobaltite-rich material. The Big Four showing located on part of the Company's 39 square kilometer land holdings in the Gowganda Silver Camp of Ontario. The Gowganda Silver camp historically produced an estimated 60.1 million ounces of silver and 1.4 million pounds of cobalt between 1910 and 1989 (Ontario Geological Survey, Open File Report 6318) and is now being revisited by exploration groups interested to further assess the Cobalt potential of the area in addition to the identified gold potential.

Subsequent to the end of the reporting period on September 27, 2018 the Company announced that it had staked additional claims and initiated a high resolution airborne geophysical survey over its Highland Gold property located in the Cape Breton Highlands of Nova Scotia to assist with targeting in preparation for a program of reverse circulation (RC) drilling.

Subsequent to the end of the reporting period on October 10, 2018 the Company disclosed results from a four hole, 447 metre diamond drill program completed on the Janice Lake sedimentary hosted copper project in Saskatchewan by option partner Forum Energy Metals (Forum). All four holes encountered copper mineralization within 80 metres of surface with Hole FEM-01 intersecting 19 metres grading 1.0% Copper, including 5.7 metres of 2.18% Copper within a 50.5 metre interval grading 0.45% Copper. The Janice Lake Project is under option to Forum who can earn a 100% interest in the property subject to a 2.0% Net Smelter Return royalty and certain future milestone payments to Transition.

### **Canadian Gold Miner Corp.**

On September 14, 2017 Canadian Gold Miner Corp. ("CGM") disclosed assay results from 32 grab samples collected in the vicinity of the Cook showing returned gold values ranging from <0.001 to 8.130 g/t Au. The Cook showing is associated with 1 of 7 mineralized gold zones that the Company has identified in the southeastern portion of the South Kirkland project, approximately 10 kilometres southeast of Larder Lake, Ontario.

On November 1, 2017 CGM announced that it had entered into an agreement with Explorex Resources Ltd. (Explorex) to option 100% of CGM's interest in its Cobalt-Paragon Project (previously referred to as the Golden Elk Property by XTM/CGM, or the Property) to Explorex in exchange for \$140,000 (of which \$125,000 can be in cash or shares), the issuance of 1,825,000 Explorex shares and the completion of \$1,275,000 in work expenditures over a 3-year period. Upon earning a 100% interest, CGM will retain a 1% Net Smelter Return royalty subject to a first right of refusal to buyback the NSR held by Explorex. The property consists of staked and patented property that was consolidated by CGM.

On November 22, 2017 CGM announced that it had concluded a transaction with Osisko to acquire the DeSantis property, a historical gold producer located in the heart of the Timmins Gold Camp, and an option on the Catharine Property, a large exploration land package near CGM's focus area south of Kirkland Lake, Ontario in exchange for 2.5 million common shares of CGM valued at \$0.18 per share. Concurrent with the transaction, Osisko completed a \$1.0 million private placement in CGM consisting 5.0 million units priced at \$0.20 with each unit consisting of a common share and a half common share purchase warrant exercisable at \$0.35 for a period of two years.

On December 29, 2017 CGM raised proceeds totaling \$445,000 by issuing 1,780,000 flow through eligible common shares at \$0.25 per share. A program of reverse circulation drilling was initiated at the South Kirkland project area to collect basal till and bedrock chip samples down ice from areas with favourable indications of gold mineralization. As of the date of this report, the results from this work are pending.

In the Spring of 2018, CGM initiated a summer exploration program in preparation for an aggressive program of drilling focused in the South Kirkland camp. On June 27<sup>th</sup>, 2018 CGM and Transition disclosed an update of activities which included a summary of achievements and plans over the summer. In January, CGM completed a 34 hole, 793 metre reverse circulation drill program. This work identified elevated gold in till down-ice from the Cook and Manor showing areas. Bedrock chip samples collected from this work identified a new and potentially prospective syenite bodies south of the Lincoln Nipissing break.

On June 5<sup>th</sup> 2018, CGM and Transition announced that CGM option partner IAMGOLD had obtained 5.5 g/t Gold over a 3.3 metre channel sample on the Jumping Moose property. The Jumping Moose project is one of two projects (Jumping Moose and Elephant Head) optioned to IAMGOLD by CGM in February of 2017 (see news release dated March 3, 2017) approximately 50 kilometres northeast of IAMGOLD's Côte Gold deposit near Gogama. IAMGOLD has confirmed its intent to maintain its options on both the Jumping Moose and Elephant Head properties into 2019 and is considering additional work on both properties including additional trenching, focused geophysical surveys and drilling.

## SPC Metals Corp.

On March 5, 2018 SPC Metals Corp. ("SPC") announced drill results from approximately 1,371 metres of diamond drilling at the Aer Kidd project. Highlights from drilling included 12.35 metres containing 0.91% Ni, 0.28% Cu, 0.03% Co and 0.80g/t PGM (Pt+Pd+Au) from 70.55-82.90 metres including a higher grade section of 2.05% Ni, 0.17% Cu, 0.05% Co and 1.03g/t PGM over 2.60 metres immediately up-dip of the past producing Rosen Mine from hole AK-17-020.

Subsequent to the year end, on November 6, 2018 SPC announced that drilling at the Aer Kidd property below the past producing Robinson Mine in Sudbury had intersected 13.60 m of Ni-Cu-Co-PGM mineralization grading 2.49% nickel equivalent. Highlights from a two holes totaling 1,265 metres drilled to test a borehole electromagnetic (EM) anomaly included:

- Drill hole AK-18-030 intersected mineralization at 13.35 metres containing 0.61% Ni, 0.92% Cu, 0.02% Co and 2.50g/t PGM (Pt+Pd+Au) from 683.40-696.75 metres including a higher grade section of 2.35% Ni, 2.16% Cu, 0.05% Co and 5.57g/t PGM over 1.25 metres.
- Drill hole AK-18-030A intersected mineralization at 13.60 metres containing 0.66% Ni, 1.22% Cu, 0.03% Co and 3.46g/t PGM from 651.50-665.10 metres including a higher grade section of 2.19% Ni, 3.55% Cu, 0.05% Co and 3.41g/t PGM over 1.10 metres.
- The highest grade ore intersection detected to date was discovered in drill hole AK-18-030A: 7.96% Ni, 7.50% Cu, 1.04% Co and 133.87g/t PGM over 0.25 metres.

### Property Holdings

The Company owns property in several jurisdictions in Canada and is currently registered to conduct business in Ontario, New Brunswick, Newfoundland, Nova Scotia, British Columbia, Saskatchewan, Nunavut, Northwest Territories, and Minnesota USA. As of August 31, 2018, the Company owned or held under option an ownership interest in mining properties totaling approximately 139,193 hectares (ha) (1,392 km<sup>2</sup>) (square kilometres) for purposes of conducting exploration and development activities. On November 22, 2017, the Company's interest in Canadian Gold Miner Corp. (CGM) was reduced to 40% (August 31, 2018 - 38%) and moving forward property ownership and financial statements will no longer be reported on a consolidated basis by Transition. On June 22, 2018, the Company's interest in SPC Metals (SPC) was reduced to 30% (August 31, 2018 - 30%). Individual projects expenditures for the period are summarized in the table at the end of this section.

The Company's properties have been grouped into the following major project categories based on a number of factors including geographic location, commodity focus and partnership agreements. A summary of these focus areas is presented below.

Projects	Properties as of Aug 31, 2018	Hectares Aug 31, 2018	Properties as of May 31, 2018	Hectares May 31, 2018	Properties as of Feb 28, 2018	Hectares Feb 28, 2018	Properties as of Nov 30, 2017	Hectares Nov 30, 2017	Properties as of Aug 31, 2017	Hectares Aug 31, 2017	Properties as of August 31, 2016	Hectares August 31, 2016
*Sudbury - Ni-Cu-PGM's	-	-	-	-	-	-	-	-	-	-	-	-
**Canadian Gold Miner	-	-	-	-	-	-	-	-	259	17,360	177	15,063
Thunder Bay - Ni-Cu-PGM's	305	13,413	305	13,413	47	8,020	47	8,020	48	8,200	64	12,184
Nunavut NRC Alliance	15	76,956	15	76,956	15	76,956	15	76,956	15	76,956	20	79,885
Saskatchewan Copper - Janice Lake	17	18,875	17	18,875	17	18,875	3	3,958	8	6,804	8	6,804
Abitibi Gold - Ontario	100	8,237	100	8,237	68	7,568	68	7,568	68	7,568	65	7,120
Other	235	21,712	230	19,488	78	15,587	75	7,726	76	7,742	99	8,735
<b>Totals</b>	<b>672</b>	<b>139,193</b>	<b>667</b>	<b>136,969</b>	<b>225</b>	<b>127,005</b>	<b>208</b>	<b>104,228</b>	<b>474</b>	<b>124,630</b>	<b>433</b>	<b>129,791</b>

\* No longer reporting property ownership held through Sudbury Platinum Corp.

\*\* No longer reporting property ownership held through Canadian Gold Miner Corp.

### OVERVIEW OF PROJECTS

The Company has developed a portfolio of gold, copper, nickel and PGM projects with ownership interest in approximately 1,392 square kilometres of property interest in 4 main focus areas as defined by region or partnership structure. These include: Thunder Bay Ni-Cu-PGM's, Nunavut, Saskatchewan Copper and

Abitibi Gold. The Company seeks to advance exploration work in these projects by attracting funding partners through the sale of project ownership, as opposed to share capital. The Company has been successful in attracting and creating a number of key partnerships through which the Company continues to advance its interests, some of which are highlighted below.

## **ABITIBI GOLD, ONTARIO**

Transition Metals directly holds interest in mining lands in the Abitibi Greenstone belt of Ontario totaling approximately 8,237 hectares that are considered prospective for hosting deposits of gold. Projects including: Gowganda Gold (available for option), Pipestone (60% Gowest and 40% Transition Joint Venture), Kidd Gold and Sunrise Lake (both available for option). Details of each project area are provided below.

### **GOWGANDA GOLD PROJECT**

The Gowganda Gold Project is located adjacent to the town of Gowganda Ontario in Nicol, Haultain, and Van Hise townships, in the Larder Lake Mining District. The center of the project is located approximately 34 kilometres west of Elk Lake (population 350) and 33 kilometres southwest of Matachewan (population 450). The project consists of 37 mining claims totaling 3,904 hectares.

Since acquiring the property in 2010 and subsequent discovery of multiple high grade gold occurrences over a 2 kilometer long structural corridor, work on the property has included the completion of Induced Polarization (IP) geophysics surveys, Soil surveying, mapping, 10 mechanically stripped trenches and channel sampling leading to the completion of 21 shallow diamond drill holes for a total of 2,258m. The property hosts widespread elevated gold mineralization hosted by stockwork veining in altered syenite ranging from nil to 3.5 g/t over significant widths in channel samples. Drill intercepts include 2.37 g/t over 7.06 metres and up to 82.5 g/t Au over 0.4 metres.

On October 31, 2016, the Company entered into an option and Joint venture Agreement with Aldershot Resources Ltd. (ALZ.H – TMX NEX) ("Aldershot") whereby Aldershot can earn a 51% interest in the property by committing to funding \$400,000 worth of exploration on property in year one and incur cumulative work expenditures totaling \$2.0 million by the third anniversary of the agreement and issue an additional \$350,000 worth of stock. Aldershot completed its first year commitment to funding exploration on the property and issued a total of 5,500,000 common shares to Transition. During the initial stage of the option,

On November 8, 2016, the Company announced that it had initiated programs of work on the Haultain discovery to include line cutting, geophysics and diamond drilling funded by Aldershot. During the reporting period, 11 holes, totaling 1418.9 metres were completed. On February 28, 2017, Transition and Aldershot disclosed initial results from drilling which included the intersection of 5.9 metres grading 1.43 grams per tonne gold (g/t) including 1.30 metres grading 3.79 g/t. On April 6, 2017, additional assay results including 11.52 metres grading 1.63 grams per tonne gold (g/t) including 6.21 g/t over 1.08 metres and 5.41 g/t over 1.03 metres were disclosed.

On June 26, 2017, Aldershot reported assay results from surface sampling during the reporting period completed on the property. In total, 61 grab samples were collected with assay results ranging from nil to 1.0 g/t gold, nil to 13.4 g/t silver, nil to 4.68% copper and nil to 0.31% cobalt. The results highlight a trend of quartz/calcite veining hosting anomalous gold, silver, copper and cobalt mineralization occurring in younger Proterozoic rocks that overlie the older Archean rocks which host the known gold mineralization on the property. A number of other historical occurrences were also sampled with the best results being a sample from a historical occurrence referred to as the "Big Four" collected near the southern boundary of claim 4227300 in 2010 which returned a value of 3.03% cobalt, 17.3 g/t silver and 1.83 g/t gold.

On June 21, 2018 Aldershot communicated corporate development activities to Transition that would result in a change of control for Aldershot shareholders and new business direction out of the mineral exploration business and into the cannabis distribution business backed by Alberta liquor distributor Solo Liquor. In support of this initiative, Transition signed a shareholders resolution along with a termination agreement with Aldershot to return 100% ownership of the Gowganda Gold project to Transition, Aldershot has communicated that it now intends to pursue a transition to becoming Solo Growth Corp., a

premiere retail cannabis distributor in western Canada. During the year ended August 31, 2018, 3,000,000 Aldershot shares were sold for proceeds of \$518,942. As of the effective date of this report, Transition was a significant shareholder of Aldershot retaining 2,500,000 Aldershot common shares.

### **PIPESTONE PROJECT – (OPTIONED TO GOWEST GOLD)**

The Pipestone Project consists of 27 staked claims (approximately 3,216 ha) located in Wark, Prosser, Gowan, Little and Evelyn townships, Porcupine Mining District, near Timmins, Ontario. The claims were acquired to cover approximately 13 km of the interpreted strike extension of the Pipestone structure. The Pipestone structure is an under-explored gold bearing regional fault in the Timmins Gold camp that runs sub-parallel to the Destor-Porcupine fault (*>60 million oz of historic production – Ontario Geological Survey - Gold production in the Timmins Regional Resident Geologist's District to the end of 2006*). The Destor-Porcupine fault bounds the Porcupine sedimentary basin to the south while the Pipestone fault bounds the basin to the north. The section of fault covered by the Company's claims is under-explored; however, previous work has identified gold mineralization in basal till samples and core samples located in close proximity to the property.

On April 27, 2011, the Company entered into an option and joint venture agreement ("JV") with Gowest Gold Ltd. ("Gowest") (TSX Venture: GWA). The terms of the agreement provided an option for Gowest to acquire a 60% or 75% interest in the claims owned by the Company, collectively referred to as the Pipestone Property. Gowest may earn a 60% in the Pipestone Property by making cash payments of \$100,000 (received), issuing 1,000,000 (1,000,000 received) common shares of Gowest and incurring exploration expenditures of \$1,000,000 by the 36-month anniversary of the agreement. Furthermore, Gowest retains the one time option upon vesting to increase its ownership from 60% to 75% by issuing an additional 150,000 common shares and incurring an additional \$2,000,000 in exploration expenditures within 2 years. The Company disposed of all Gowest shares during the year ended August 31, 2016.

On April 25, 2016, Gowest provided notice that it had completed expenditures in excess of \$1.0 million and fulfilled all share and payment requirements to vest a 60% interest in the Pipestone project. Furthermore, Gowest advised that it did not want to exercise its right to increase its interest in the property to 75% subject to the bump-up option provided for within the Agreement. As such, both parties confirm that a joint venture on the project was formed on a 60% Gowest, 40% Transition ownership basis, effective May 25, 2016. On December 19, 2016 Gowest proposed a \$500,000 exploration program to the joint venture. Transition has declined its right to participate in this program and as such, its interest may be diluted to approximately 31% if the programs are fully executed by Gowest. Transition has been informed that this program has been completed and is awaiting a proposal from Gowest regarding its plans moving forward in 2019.

### **KIDD GOLD PROPERTY (100% TRANSITION METALS CORP.)**

The Kidd Gold property is located in Kidd Township approximately 20 km north of Timmins, Ontario and consists of 4 claims totaling 448 ha. The property was staked in June of 2012 to cover geology considered prospective for hosting gold mineralization. The property is located approximately 5 km southwest of the currently producing Kidd Creek copper zinc mine owned by Glencore PLC. The property is 10 km to the west and along strike of the Pipestone Property, currently under option by the Company to Gowest Gold.

The property straddles a contact between volcanics associated with the Kidd Munro assemblage and metasediments bordering the Porcupine metasedimentary basin. Company geologists interpret that the property may contain fault structures associated with the Pipestone fault. The Pipestone fault is an under-explored gold bearing regional fault in the Timmins Gold camp that runs sub-parallel to the Destor-Porcupine fault (*>60 million oz of historic production – Ontario Geological Survey - Gold production in the Timmins Regional Resident Geologist's District to the end of 2006*). As of the date of this report, all claims remain in good standing.

### **SUNRISE LAKE PROPERTY (100% TRANSITION METALS CORP.)**

The Sunrise Lake property was acquired during the reporting period and consists of 32 map staked cells for approximately 669 hectares located in Ossian and Pontiac townships of the Larder Lake Mining District to cover series of historic Au showings located along the prominent NE-SW trending Mist Lake – Misema Lake Fault within the Blake River Group of the prolific Abitibi greenstone belt. Historical

prospecting work completed on the property in the 1990's, reported values of up to 2.86 oz/t Au from grab samples collected from the property.

## **THUNDER BAY – PGM'S – SUNDAY LAKE JV**

### **THUNDER BAY PGM PROJECTS**

During the reporting period, three new project opportunities were identified in the Thunder Bay region as a result of project generative research. The Empire Lake (100%), Revell (100%), and Garden Lake (100%) property groupings were acquired via map staking and are discussed in more detail below. As of the end of the reporting period, the Company maintains an interest in 9 property groupings totaling 13,413 hectares consisting of the Sunday Lake (25% carried), Saturday Night (100%), Owl Lake (100%), Fraser Lake (100%), Hele (100%), and Eva Kitto (100%) projects and the 3 newly staked properties. The Owl Lake and Hele projects are subject to a 1.5% NSR held by Impala Platinum Holdings Ltd (Implats). The Sunday Lake is a joint venture project between the Company and Implats where North American Palladium Corp. (NAP) is currently working towards earning interest in the project from Implats.

### **SUNDAY LAKE**

The Sunday Lake property is located in northwestern Ontario, 25 km northeast of Thunder Bay and 25 km to the west of Panoramic Resources Limited, Thunder Bay North project (formerly known as Current Lake). The property consists of 22 staked claims and optioned property totaling 2,628 ha covering a 3.5 km diameter circular magnetic anomaly associated with a large layered mafic-ultramafic intrusion. The intrusion is considered prospective for hosting platinum group metals or PGM's (platinum, palladium, and gold) as well as nickel and copper.

The Sunday Lake Property is subject to a Joint Venture agreement between the Company and Impala Platinum Holdings Limited (Implats). Under the terms of the agreement, Implats holds a 75% interest in the project and Transition holds a 25% free carried interest until the completion of a Feasibility Study at which time it will hold a 25% participating interest. Once a participating Joint Venture is formed, a party's interest would be diluted for non-participation in any program. If either party dilutes 10% its interest would be converted to a 1.5% net smelter return royalty.

On June 21, 2017, the Company announced a definitive option agreement with joint venture partner Implats and North American Palladium Ltd. (NAP) whereby NAP has the right to acquire Implats' 75% ownership in the Sunday Lake Project by completing work commitments totaling \$4.5 million and making cash payments of \$3.5 million over a five year period according to the following schedule:

- Stage 1: NAP may acquire a 51% controlling interest in the property by completing \$1.5M of exploration expenditures within a two year period and making cash payments of \$75,000 to XTM and \$675,000 to Implats;
- Stage 2: NAP may increase its interest from 51% to 65% by completing an additional \$2.5M of exploration expenditures within a subsequent two year period and making further cash payments of \$125,000 to XTM and \$1.125M to Implats; and
- Stage 3: NAP may further increase its interest from 65% to 75% by completing an additional \$0.5M of exploration expenditures within a one year period and making final cash payments of \$150,000 to XTM and \$1,350,000 to Implats.

In 2018 NAP reported that it had completed twelve diamond drill holes for approximately 8,605 metres of drilling at Sunday Lake as well as borehole geophysical surveys in most holes. In addition, NAP covered portions of the property with an AMT/MT ground geophysical survey. On March 27, 2018 highlights from drilling were disclosed by the Company and summarized as follows:

- Hole SL-17-18B: **18.65 metres @ 4.05 g/t PGM (Pt+Pd+Au) including 4.9 metres @ 6.10 g/t PGM and 0.64% Cu**
- Hole SL-18-21: **35.80 metres @ 3.90 g/t PGM including 6.50 metres @ 8.34 g/t PGM**
- Hole SL-18-22: **33.20 metres @ 2.80 g/t PGM including 5.90 metres @ 6.80 g/t PGM and 0.67% Cu**

As of the date of this report, all claims and optioned properties associated with the Sunday Lake project remain in good standing.

### **SATURDAY NIGHT**

In April 2015, the Company staked a magnetic target comparable to other 'Early Rift' intrusions in this area located approximately 16 kilometres west of its Sunday Lake discovery near Thunder Bay, Ontario. A new target, named "Saturday Night", was highlighted by a recent airborne survey flown by the Ontario Geological Survey (OGS). The Company holds a 100% interest in the property (848 ha) and is seeking a partner to advance it.

In May of 2016, the Company applied for and was granted Junior Assistance Exploration Funding (JEAP) to supplement up to 33% of exploration expenditures incurred on the property. In June, the Company completed 10 east-west lines of ground magnetic data spaced on a 100 metre lines to better profile the Saturday Night target magnetic anomaly in preparation for drill testing. In addition, 70 ground based gravity readings were taken across 5 profile lines spaced 200 metres apart.

In November 2016, the Company completed one drill hole to test targets defined by the summer geophysical program. On January 23, 2017, the Company announced that it had intersected a platinum group element enriched mid-continental rift intrusion. Assays returned 6.25 metres averaging 1.07 g/t PGM's including a higher-grade section of 4.0 g/t PGM and 0.56% Cu over a core length of 0.30 metres near the interpreted base of a >200 metre thick sequence of early-rift intrusive rocks.

In 2018 the Company has covered the property with an AMT/MT ground geophysical survey, similar to the approach taken by NAP at the nearby Sunday Lake project to better define the extend and morphology of the Saturday Night intrusion.

### **EVA KITTO**

The Eva Kitto property consists of 2 claims totaling 368 hectares located on the eastern shore of Lake Nipigon, approximately 12 kilometres west of Beardmore Ontario and owned 100% by Transition Metals. During the reporting period, 1 claim was allowed to lapse. At Eva Kitto, compilation of historical work including airborne geophysics, drilling and geochemistry have led to the identification of targets considered prospective for hosted Ni-Cu-PGM mineralization. Surface Grab samples from the property have returned values up to ~1.0 g/t Pt+Pd.

### **EMPIRE LAKE (V-Fe-Ti)**

The Empire Lake property was re-acquired during the reporting period and consists of 95 map staked cells for approximately 1,986 hectares located in the Empire Lake Area of the Thunder Bay Mining District to cover a large (4 by 12 kilometres) regional magnetic anomaly associated with an under-explored mafic intrusion containing widespread V-Fe-Ti mineralization. Previous work on the property has included preliminary mapping and sampling programs to determine the grade and extent of the main vanadium-bearing magnetite zone. Mapping outlined a zone extending for up 1.8 kilometres in strike length with a width that varied between 50 to 170 metres. Grab and channel samples returned values of up to 0.63 weight % V<sub>2</sub>O<sub>5</sub>, 5.84 weight % TiO<sub>2</sub> and 65.1 weight % Fe<sub>2</sub>O<sub>3</sub>.

### **REVELL (Ni-Cu-PGM)**

The Revell property was acquired during the reporting period and consists of 68 map staked cells for approximately 1,421 hectares located in Revell and Hyndman townships of the Kenora Mining District to cover series of historic Ni-Cu-PGM showings around the margin of the Revell Batholith. Mineralization occurs as Ni-Cu-PGM bearing disseminated sulphides hosted within a marginal dioritic phase of the Revell Batholith. Historic drilling completed on the Pidgeon showing in 1967 encountered two shallow zones of Ni-Cu mineralization returning values of 10 feet @ 0.64% Ni, 0.77% Cu and 12 feet @ 0.68% Ni, 0.90% Cu all above 100 feet vertical. No PGM or Co values were reported with the drilling, although a grab sample collected by Inco at the Pidgeon showing was reported to contain 1.28g/t Pt+Pd+Au.

### **GARDEN LAKE (Ni-Cu-PGM)**

The Garden Lake property consists of 9 map staked cells for approximately 188 hectares located in the Garden Lake Area of the Thunder Bay Mining District to cover an isolated mafic-ultramafic intrusion within

the Garden Lake greenstone belt that may be related to Proterozoic Midcontinental Rift (MCR) event and therefore prospective for PGM-Cu-Ni mineralization.

## **NUNAVUT - GOLD, BASE METALS AND DIAMONDS – NRC ALLIANCE**

### **NUNAVUT RESOURCES CORP ALLIANCE**

On March 5, 2012, the Company and Nunavut Resources Corp (NRC) executed a strategic alliance agreement (“Alliance”) to jointly generate and explore mineral properties in the Kitikmeot Region of Nunavut. During the term of the Alliance, approximately 76,956 hectares of mineral rights were secured.

In November 2017, the 5-year alliance concluded. The Company has requested that all properties be converted to joint venture projects under the terms of the agreement. The properties include approximately 79,956 hectares of Inuit owned and federal mining lands in Nunavut. At the time of reporting, the joint ventures on the properties had not been established and the Company is under negotiations with NRC. Details of the project areas generated during the Alliance are provided below.

### **ARCADIA BAY - CO-31**

The CO-31 property is Inuit Owned Land (IOL) acquired by NRC on behalf of the Alliance through a Mineral Exploration Agreement (MEA) with Nunavut Tunngavik Inc. (“NTI”), dated July 1, 2014. The property is located along the south coast of the Coronation Gulf, Arctic Ocean, approximately 25 km west of the proposed port facility in Grays Bay that will be the terminus of the proposed Izok Road Corridor, and approximately 140 km west of the TMAC’s Hope Bay gold deposits. The property hosts a number of intrusive hosted auriferous high grade gold vein systems that have seen only a cursory amount of exploration. Notably the Sidewalk Vein, a 4km long vein system exposed at surface where historical drilling has returned assays up to 21.45 g/t Au over 6.34 metres. The size of this property was reduced from 1,353 hectares to 1,056 hectares. In May 2016, the company submitted an application to NTI to acquire additional portions of CO-31.

In November of 2016, an additional 1,286 hectares in CO-31 were added to the existing MEA with NTI. The additional property hosts Archean lode-gold style mineralization with a historical resource of 572,067 tonnes grading 9.6 grams/tonne (g/t) Au (*Watts Griffis McOuat, 1983. Report on the Coronation Gulf, NWT property of Canuc Resources Inc.: Internal company report, Canuc Resources Inc., December 1986, 108 p.*). This historical resource was completed on November 25, 1983 and is not consistent with NI 43-101 disclosure requirements. While the company considers this historical estimate to be relevant to investors as it may indicate the presence of mineralization, a qualified person for Transition Metals has not done sufficient work to classify the historical estimates as current mineral resources as defined by NI 43-101, and the Company is not treating this historical estimate as current mineral resources.

### **ITCHEN LAKE PROPERTY**

The Itchen Lake Property consists of 10 unpatented contiguous mineral claims covering 10,441 hectares acquired located in the territory of Nunavut approximately 265 km northeast of Yellowknife, Northwest Territories. The property is underlain by rocks of the Archean Yellowknife Supergroup and straddles the contact between the Contwoyto and Itchen Formations. These formations are comprised of metamorphosed greywackes and mudstones deposited in a greywacke-turbidite basin. The primary exploration target is banded iron formation (BIF) hosted gold, similar to the Lupin gold deposit, which is located 60 km east of the center of the Itchen Lake property. The Lupin mine produced 3.36 million ounces of gold at an average grade of approximately 9.3 g/t from over a 22-year period from 1982-2004.

Work was last completed on the project in the summer of 2013 that included 750 line kilometer airborne magnetic and electromagnetic survey and follow up geological reconnaissance that resulted in the identification of 17 new drill targets. Camp and work permits are in place for this program.

### **ARTICLE 41**

The Article 41 Lands encompass a 572 km<sup>2</sup> area, approximately 360 km north-northeast of Yellowknife, Northwest Territories that were granted to the Kitikmeot Inuit Association (KIA) fee simple in 1993. Although the Article 41 Lands are situated within the Slave Diamond District -- with Ekati and Diavik diamond mines 55 km south of the Article 41 Lands and the past producing Jericho mine 50 km to northwest, there has been little to no reported diamond exploration on the bulk of the Article 41 Lands in 20 years.

NRC has entered into a 20-year Mineral Exploration Agreement (MEA) with KIA to explore Article 41 lands.

Work was last completed on the property in 2012 that included the collection of 321 diamond indicator till samples that returned anomalous kimberlite indicator minerals.

#### **FIRE SHEAR – CO-20**

The CO-20 property is Inuit Owned Land (IOL) acquired by NRC on behalf of the Alliance through a Mineral Exploration Agreement (MEA) with Nunavut Tunngavik Inc. (“NTI”), dated July 1, 2014. The property consists of two non-contiguous irregular blocks totaling 263.4 km<sup>2</sup>. The property is located 150 km north of the Lupin Mine and Mill complex and is close to the Ulu Gold deposit, an advanced stage gold project with defined resources of 1.13 Mt grading 11.34g/t (*NI 43-101 Technical Report on the Ulu Gold Property, Kitikmeot Area - Nunavut Territory, Canada dated June 27, 2011*), optioned to WPC Resources by Mandalay Resources. The property hosts several high-grade gold occurrences including the Fire Shear Zone where previous drilling has intersected up to 9.16 g/t Au over 2.03m and the Ralph Zone which has returned grab samples assaying up to 5.47 g/t Au.

#### **ANIALIK – CO-30**

The CO-30 property is Inuit Owned Land (IOL) acquired by NRC on behalf of the Alliance through a Mineral Exploration Agreement (MEA) with Nunavut Tunngavik Inc. (“NTI”), dated July 1, 2014. The property is an irregular block totaling 155.4 km<sup>2</sup> located close to the Coronation Gulf covering prospective portions of the Anialik River greenstone belt. The property hosts a number of high grade gold and base metal showings but has seen very little exploration to date. The property is located strategically close to the MMG’s High Lake deposit (*Indicated Resources of 7.9 Mt grading 3.5% zinc, 3.0% copper, 0.3% lead, 83 g/t silver and 1/3 g/t Au plus Inferred Resources of 6.0 Mt grading 4.3% zinc, 1.8% copper, 0.4% lead, 84 g/t silver and 1.3 g/t gold – MMG JORC Compliant Mineral Resource and Ore Reserves Statement 2013*).

### **SEDIMENTARY COPPER - SASKATCHEWAN**

#### **JANICE LAKE PROPERTY**

The property is located approximately 50 km southeast of Key Lake and 190 km north of La Ronge, in north-central Saskatchewan. The property is located within the Wollaston Domain, a Proterozoic aged, northeast trending package of tightly folded amphibolite grade metasediments. The area was highlighted by the Saskatchewan Geological survey in 1995 and contains the most significant concentration of sediment hosted copper showings in the Wollaston Domain. The property has been worked periodically since the 1950s with most of the exploration work being done by Great Plains Development Co. in the 1960s and 1970s and Noranda Exploration Company Ltd. in the 1990s that returned encouraging intercepts of copper mineralization including 0.77% Cu over 33.0 metres (hole PL93-11 – Government of Saskatchewan Assessment records). During the 2000’s the property was held by Phelps Dodge Corporation of Canada, Ltd. who conducted a program of exploration drilling that returned encouraging results including 0.81% Cu over 17.83 metres (hole JL03-38 – Government of Saskatchewan Assessment records). Over 20 occurrences of in situ copper mineralization as well as unsourced mineralized boulder trains have been identified in the Janice Lake area. The property also hosts a radioactive showing known as the Joe Uranium Occurrence. One hole drilled in the vicinity of this showing by Noranda in 1992 is reported to have intersected 0.98% U<sub>3</sub>O<sub>8</sub> over 3.5 metres.

The Company conducted field investigations in 2012 that returned samples up to 9.35% copper and 61.7 g/t silver, completed a Soil Gas Hydrocarbon (SGH) orientation survey and acquired 525 line km<sup>2</sup> of regional airborne geophysical data (EM, Mag, Gamma) as well as historical mag and IP data. In 2014 the Company completed a 700 line kilometre versatile time domain electromagnetic (VTEM) and horizontal magnetic gradiometer airborne survey that identified extensive anomalies. Follow-up ground work identified a number of new potential targets that correlate with areas of interest identified by the magnetic and EM responses of the VTEM survey.

On February 5 2018, the Company entered into an option agreement with Forum Energy Metals Corp. (“Forum”) that provides Forum with the option to acquire a 100% interest in the Janice Lake Property. To earn 100%, Forum would be required to make cash payments of \$250,000 over four years (\$25,000

received), issue 8,000,000 common shares of Forum to the Company over three years and incur exploration expenditures of \$250,000 in six months of the agreement. The agreement also provides for a payment to the Company of \$1,000,000 on completion of a Feasibility Study and a \$5,000,000 payment within twelve months of commercial production. Upon exercise of the option the property is subject to a 2% NSR to the Company of which Forum can purchase 0.75% of the NSR for \$1,500,000.

On February 15, 2018 the Company announced that working together with Forum it had been able to secure an additional 15,331 hectares of claims covering extensions of the prospective copper trend identified in the Janice Lake area. The staking during the reporting period has increased the Company's holdings to 1 claims totaling 18,875 hectares.

Subsequent to the year end the Company disclosed results from a four hole, 447 metre diamond drill program completed on the Janice Lake sedimentary hosted copper project in Saskatchewan by option partner Forum Energy Metals (Forum). All four holes encountered copper mineralization within 80 metres of surface with Hole FEM-01 intersecting 19 metres grading 1.0% Copper, including 5.7 metres of 2.18% Cu within a 50.5 metre interval grading 0.45% Cu.

### **HIGHLAND GOLD - GOLD – CAPE BRETON, NOVA SCOTIA**

On August 20, 2018, the Company announced that, it had entered into an option agreement to acquire a 100% interest in the >45 square kilometre Highland Gold property located in the Cape Breton Highlands of Nova Scotia and announced work plans for the fall of 2018 that included till and soil sampling, a high resolution airborne magnetic/conductivity survey, and drilling. The Highland Gold property covers an extensive cluster of high grade gold occurrences that have seen very limited exploration. Under the terms of the option agreement, Transition retains the right and option to earn a 100% interest in the property by completing \$1.5 million of expenditures and issuing \$170,000 in cash and \$175,000 in shares to the Vendor over a 5 year period. If the Company vests its interest, the Vendor would retain a 2% Net Smelter Return royalty (NSR) with Transition retaining the right to buy back 1% NSR for \$1.25 million.

### **OTHER PROJECTS**

#### **DUNDONALD PROPERTY (NI-CU-PGM's and CU-ZN)**

The Dundonald property near Timmins consists of approximately 950 hectares of freehold patents, mining leases and claims and hosts a inferred resource totaling 116,000 tonnes grading 3.16% nickel<sup>5</sup> which remains open at depth. The Company cautions reader that it has not done sufficient work to confirm this historical resource and it should not be relied upon. Nickel mineralization is associated with a similar depositional setting to the recently discovered Grasset Nickel deposit in Quebec. The Dundonald property also hosts a copper-zinc occurrence known as the Terminus zone. Drilling by Falconbridge in the 1990's on the Terminus Zone is reported to have intersected a 10.1 m core length of 1.37% Cu, 7.53% Zn, 0.13% Co, 1.1 g/t Au, and 2.9 g/t Ag.

On August 27, 2018 the Company announced that it had signed a binding Letter of Intent with VaniCom Limited ("VaniCom") of Perth, Western Australia for the sale of a 100% interest in the Dundonald Nickel Project located near Iroquois Falls, Ontario. The purchase terms include a payment of \$50,000 by VaniCom to the Company on signing the Binding Letter of Intent (received) with a further payment of \$100,000 to the Company in cash on closing of the definitive Purchase Agreement. In addition, VaniCom will issue the Company shares with a value of \$350,000. Transition will receive a 2.5% Net Smelter Return Royalty on any future production from the Property. The Letter of Intent also includes a requirement that VaniCom incur expenditures of at least \$750,000 on exploration and development on the Property over a 36-month period.

3. *Technical Report on the West Graham Property Conwest Zone Resource Estimate, Graham Township, Ontario Canada prepared by Scott Wilson Roscoe Postle Associates Inc., January 15, 2009*

4. *Technical Report on the 2009 Resource Estimate for the Depth, East and Upper West Zones, Lockerby Mine, Sudbury, Ontario, prepared by First Nickel Inc., February 23, 2009*

5. *Technical Report on the Dundonald Project, Dundonald and Clergue Townships, Porcupine Mining Division, Ontario for First Nickel Inc., G.A Haron, P/Eng, January 30, 2009*

### **BANCROFT (NI-CU-PGM's)**

The Bancroft project consists of approximately 2,621 hectares of mining claims located in the Southern Mining district near Bancroft, Ontario. In 2009 First Nickel announced the discovery of a new zone of PGM mineralization at Raglan Hills upon intersecting 5.05 metres grading 0.762 g/t platinum and 1.216 g/t palladium.

### **TIMBERWOLF PROPERTY – NI-CU-PGM'S – MINNESOTA USA**

Subsequent to the end of the reporting period, the Company has terminated its lease agreements and no longer holds mineral rights in the State of Minnesota.

### **HOMATHKO PROPERTY – GOLD – BRITISH COLUMBIA**

The Homathko Property consists of 3 claims totaling 202 hectares located in the Caribou Regional District, British Columbia, approximately 200 km west of Williams Lake in the western portion of the Chilcotin region. The properties were staked to secure a land package around a high grade gold showing discovered by Falconbridge in the 1960's which returned assays up to 11 oz/t (342 g/t) Au.

During the reporting period 6 claims surrounding the main mineralized occurrences were allowed to lapse in favour of retaining the core group of claims into 2022.

### **DOHERTY LAKE PROPERTY – GOLD AND BASE METALS - ONTARIO**

The Doherty Lake Property consists of 5 mining claims located in central Demorest Township, Sudbury Mining District, Ontario. The property is located approximately 65 km northeast of the town of Capreol. The property hosts occurrences of elevated Au-Ag-Cu-Pb mineralization associated with a flat lying shear zone occurring within a Nipissing Gabbro sill. The Company owns a 100% interest in the property subject to a 1% NSR, which can be purchased at any time for \$500,000.

### **NORTH VERMILION – SUDBURY BASIN VMS CU-ZN - ONTARIO**

On June 1, 2014, 6 claims totaling 224 ha were staked in Fairbanks Township, Sudbury Mining District contiguous to Glencore's Errington and Vermilion copper zinc development project, approximately 12 km west of Chelmsford Ontario. Glencore has reported resources of 10 Mt of 3.8% zinc, 1.23% copper, 1.06% lead, 50.53 g/t silver and 0.73 g/t Au defined at the Errington deposit, and 3 Mt of 4.5% zinc, 1.46% copper, 1.46% lead, 53.77 g/t silver and 0.89% gold at the Vermilion deposit. The Company interprets that extensions of favourable ore hosting stratigraphy may extend onto portions of the properties acquired. The claims are owned 100% by the Company.

### **BASS LAKE – GOLD - ONTARIO**

The mining rights only of three patents located on the south shore of Bass Lake totaling 48 hectares are 100% owned by Transition Metals. The property is known to host a gold occurrence described as gold mineralization in a quartz carbonate stockwork developed in brecciated and albitized Huronian sediments located approximately 4 kilometres north of the past producing McMillan gold mine in Mongowin Township. To date, the Company has not completed any work on this property.

### **ATHABASCA – URANIUM - SASKATCHEWAN**

In October, 3 claims located on the southern rim of the Athabasca uranium basin were staked by the company for a total of 7,861 hectares. To date, the Company has not yet completed any work on this property.

### **PORTERVILLE AND LEWISPORTE – GOLD – NEWFOUNDLAND**

The Porterville Property consists of 19 staked claims (475 hectares) acquired during the reporting period in the Exploits Subzone of the Dunnage Zone along the south shore of the Bay of Exploits, Newfoundland. The property is underlain by phases of the Thwart Island Gabbro and Porterville Gabbro which intruded the Dunnage Melange. To the south, the gabbros are in contact with mafic volcanics with minor chert and sandstone intervals. The Porterville occurrence is hosted by pyrite and arsenopyrite in strongly carbonated shears within the Porterville Gabbro where channel sampling by Inco Gold returned 0.35 metres grading 17.3 g/t Au in 1990. The Red Cliff occurrence, located 1.0 km to the south, consists of carbonatized shears hosting quartz veins where grab samples by Cornerstone Resources in 2005 returned up to 2.26 g/t from grab sampling.

The Lewisporte Property consists of 37 staked claims (925 hectares) located to the east of the Porterville Property extending from the Bay of Exploits south to Burnt Bay. The Crooked Line occurrence within the Lewisporte Property consists of semi-massive to massive arsenopyrite hosted by silicified fractures and shears in leucogabbro. Sampling by Cornerstone Resources in 2005 returned 6.02 g/t from grab samples. The Burnt Bay occurrence is hosted by sheared gabbro containing quartz veins with associated arsenopyrite and pyrite which returned up to 8.06 g/t Au.

#### **BEAR LAKE – TIN – NEW BRUNSWICK**

The Bear Lake Property consists of 21 map staked units covering approximately 477 hectares in southern New Brunswick which were acquired during the reporting period. The property is underlain by the Mount Douglas intrusive Suite which is part of the Saint George batholith, phases of which host the Sn-W mineralization of the Mount Pleasant Sn-W district. Tin is associated with Pb-Zn-Cu-Mo-As sulphides in greisen veins, and sampling in 1982 by Inco returned up to 0.87% Sn.

#### **DUNGARVON – TIN – NEW BRUNSWICK**

The Dungarvon Property consists of 37 map staked units covering approximately 819 hectares located in central New Brunswick approximately 15 km northwest of the Burnthill Tungsten Mine. The property is underlain by the Dungarvon granite which is part of the Burnthill suite of high-level peraluminous, A-type post-orogenic granites. More than 10 mineralized vein sets have been identified and diamond drilling by Kidd Creek Mines in 1985 and 1989 returned 0.324% Sn over 2.38 metres (including 1.62% Sn over 0.16 metres) and 0.114% Sn over 1.15 metres in DUN89-8 from Vein 6.

#### **SIMPSON LAKE – TIN – NEW BRUNSWICK**

The Simpson Property consists of 22 map staked units covering approximately 498 hectares in southern New Brunswick. The property is underlain by Mount Douglas intrusive Suite of predominately A-type and S-type granites of the Saint George batholith, phases of which host the Sn-W mineralization of the Mount Pleasant Sn-W district. Mineralization is hosted by greisen-bordering vein swarms with the highest grade intersections occur near the contact with flat-lying lenses of aplite in the granite. Drilling by Billiton in 1982-83 intersected up to 0.18% Sn over 18.3 metres (9.2 metres true width) including 3 metres (1.5 m true width) of 0.33% Sn in hole SQ-82-4.

The following table lists detailed company project expenditures during the reporting period.

<b>Interest in Exploration and Evaluation Properties</b>																
	Project Generation Expenditures	Gowganda	NRC Project Generation Expenditures	NRC Itchen Lake	NRC Article 41	NRC CO-20 Fire Shear	Janice Lake	Saturday Night	Sunday Lake	Hele	Eva Kitto	Timberwolf	Highland Gold	Other	Former Projects	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Acquisition costs</b>																
Balance August 31, 2016	121,546	15,852	1,000	22,975	-	-	30,000	2,720	680,702	101,828	24,873	116,142	-	91,695	2,449,848	3,659,181
Additions for the period		45,000	-	3,982	-	-		2,456	58,617	52	-	11,413	-	72,985	-	194,505
Write down of mineral exploration property acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Recovery of acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
<b>Balance August 31, 2017</b>	<b>121,546</b>	<b>60,852</b>	<b>1,000</b>	<b>26,957</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>5,176</b>	<b>739,319</b>	<b>101,880</b>	<b>24,873</b>	<b>127,555</b>	<b>-</b>	<b>164,680</b>	<b>2,449,848</b>	<b>3,853,686</b>
Balance August 31, 2017	121,546	60,852	1,000	26,957	-	-	30,000	5,176	739,319	101,880	24,873	127,555	-	164,680	2,449,848	3,853,686
Additions for the period	27,685	4,416	-	12,452	-	-	3,236	-	-	-	-	20,235	13,000	1,771	-	82,795
Write down of mineral exploration property acquisition costs	-	-	-	-	-	-	117,000	-	-	-	-	-	-	-	-	117,000
Recovery of acquisition costs	-	-	-	-	-	-	(145,000)	-	-	-	-	-	-	50,000	-	(195,000)
<b>Balance August 31, 2018</b>	<b>149,231</b>	<b>65,268</b>	<b>1,000</b>	<b>39,409</b>	<b>-</b>	<b>-</b>	<b>5,236</b>	<b>5,176</b>	<b>739,319</b>	<b>101,880</b>	<b>24,873</b>	<b>147,790</b>	<b>13,000</b>	<b>116,451</b>	<b>2,449,848</b>	<b>3,858,481</b>
<b>Exploration Costs</b>																
Balance August 31, 2016	3,001,666	94,436	524,937	171,016	401,001	234,189	331,317	8,181	1,781,815	1,080,118	45,031	369,142	-	183,190	2,509,058	10,735,097
Assays, core logging and sampling	901	7,388	-	-	-	-	-	-	-	-	-	-	-	2,279	-	10,568
Camps, accommodations, meals, travel	52	32,658	99	-	-	-	8,368	15,063	16,716	-	-	-	-	2,185	-	75,141
Drilling	-	183,096	-	-	-	-	-	72,597	-	-	-	-	-	-	-	255,693
Geophysical, geochemical and geological	10,734	160,511	3,630	-	-	1,559	5,102	11,638	11,460	-	3,000	-	-	31,631	-	239,265
General and Administrative	-	900	-	-	-	-	-	-	-	-	-	-	-	4,898	-	5,798
Recovery of exploration costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Additions for the period	11,687	384,553	3,729	-	-	1,559	13,470	99,298	28,176	-	3,000	-	-	40,993	-	586,465
<b>Balance Augst 31, 2017</b>	<b>3,013,353</b>	<b>478,989</b>	<b>528,666</b>	<b>171,016</b>	<b>401,001</b>	<b>235,748</b>	<b>344,787</b>	<b>107,479</b>	<b>1,809,991</b>	<b>1,080,118</b>	<b>48,031</b>	<b>369,142</b>	<b>-</b>	<b>224,183</b>	<b>2,509,058</b>	<b>11,321,562</b>
Balance August 31, 2017	3,013,353	478,989	528,666	171,016	401,001	235,748	344,787	107,479	1,809,991	1,080,118	48,031	369,142	-	224,183	2,509,058	11,321,562
Assays, core logging and sampling	5,293	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,293
Camps, accommodations, meals, travel	22,854	338	-	155	-	-	178	248	150	-	-	-	1,231	318	-	25,472
Drilling and Trenching	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geophysical, geochemical and geological	175,581	6,162	2,331	3,712	-	-	3,944	25,012	-	-	-	-	22,840	23,770	-	263,352
General and Administrative	-	-	50	-	-	-	-	-	-	-	-	-	750	2,058	-	1,258
Recovery of exploration costs	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions for the year	203,728	6,500	2,381	3,867	-	-	4,122	25,260	150	-	-	-	24,821	22,030	-	292,859
<b>Balance May 31, 2018</b>	<b>3,217,081</b>	<b>485,489</b>	<b>531,047</b>	<b>174,883</b>	<b>401,001</b>	<b>235,748</b>	<b>348,909</b>	<b>132,739</b>	<b>1,810,141</b>	<b>1,080,118</b>	<b>48,031</b>	<b>369,142</b>	<b>24,821</b>	<b>246,213</b>	<b>2,509,058</b>	<b>11,614,421</b>
<b>Total additions for the year ended August 31, 2017</b>	<b>11,687</b>	<b>429,553</b>	<b>3,729</b>	<b>3,982</b>	<b>-</b>	<b>1,559</b>	<b>13,470</b>	<b>101,754</b>	<b>86,793</b>	<b>52</b>	<b>3,000</b>	<b>11,413</b>	<b>-</b>	<b>113,978</b>	<b>-</b>	<b>780,970</b>
<b>Total additions for the period ended August 31, 2018</b>	<b>231,413</b>	<b>10,916</b>	<b>2,381</b>	<b>16,319</b>	<b>-</b>	<b>-</b>	<b>(20,642)</b>	<b>25,260</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>20,235</b>	<b>37,821</b>	<b>(26,199)</b>	<b>-</b>	<b>297,654</b>

## **ASSOCIATE COMPANIES**

### **CANADIAN GOLD MINER CORP.:**

The Company owns 15,000,100 common shares in Canadian Gold Miner Corp. (“CGM”) being approximately 38% of the issued and outstanding shares. CGM is a private Ontario corporation exploring for gold in the Larder Lake Mining District near Kirkland Lake. The Company has assembled an exceptional dominant land position totaling approximately 229 square kilometres around the Cadillac Larder, Lincoln-Nipissing and Ridout structures in the southwestern part of the prolific Abitibi Greenstone belt in Ontario.

The Company continues to provide shared technical and management services to CGM under a memorandum of understanding and service agreement. Subject to accounting and disclosure regulations, Transition no longer controls SPC and no longer consolidates CGM’s financial information. Additional information regarding Canadian Gold Miner Corp. can be obtained at [www.canadiangoldminer.com](http://www.canadiangoldminer.com)

### **SUDBURY PLATINUM CORP – NI-CU-PGM’S:**

The Company owns 15,000,000 common shares in Sudbury Platinum Corp (“SPC”). During the ended August 31, 2018 SPC created a new business division called SPC Metals and completed a financing for gross proceeds of \$1,910,714. This financing has reduced Transition’s ownership interest to 30% of the issued and outstanding shares of SPC. SPC is an associated private company founded in 2013 to advance the Aer-Kidd project. The Company continues to provide shared technical and management services to SPC under a memorandum of understanding and service agreement. Subject to accounting and disclosure regulations, Transition no longer controls SPC and no longer consolidates SPC’s financial information. Additional financial information regarding Sudbury Platinum Corp. can be obtained at [www.sudburyplatinum.com](http://www.sudburyplatinum.com)

## **DISCUSSION OF OPERATIONS**

### **SELECTED ANNUAL FINANCIAL INFORMATION**

Operating expenses for the year ended August 31, 2018 were \$1,150,649 compared to \$1,531,882 in August 31, 2017 the difference is mainly due to a decrease in exploration expenditures this year of \$483,316 as compared to the prior year. Exploration and evaluation expenditures totaling \$297,654 were significantly lower than the comparative year which were \$780, 970. The Company received \$310,000 in option payments which contributed to the reduced exploration expenditures of \$297,654. Consulting fees were up slightly from \$152,779 in 2017 to \$189,281 as a result of increased time spent by Company consultants not directly working on exploration projects. Investor Relations expense increased to \$180,811 for the year as compared to \$91,025 in the previous year. This increase is due to ongoing marketing efforts to promote the value of the Company. Professional fees increased to \$141,848 as compared to \$97,042 in the comparative year due to increased legal work for property acquisitions and option agreements. Office and general expenses were up at \$281,829 compared the previous year at \$243,692. There was no share-based compensation incurred in the year. All other operating expenses remained materially unchanged from the comparative quarter.

A summary of selected unaudited financial information for the past eight quarters is presented below:

Three Months Ending (Unaudited)	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017
Operating Expenses	(594,470)	(339,489)	(5,152)	(211,538)
Income (Loss) from Operations	(850,218)	(419,482)	(160,574)	(233,002)
Net Income (Loss) for the period	(850,218)	(419,482)	(160,574)	2,864,993
Income (Loss) per share – basic and fully diluted	(0.02)	(0.01)	0.00	0.08
Total Assets	6,935,580	7,800,132	8,071,298	7,219,077

Total Liabilities	275,169	289,503	301,481	264,907
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Three Months Ending (Unaudited)	August 31, 2017	May 31, 2017	February 28, 2017	November 30, 2016 \$
Operating Expenses	(1,057,178)	(669,937)	(334,439)	(508,038)
Income (Loss) from Operations	(964,841)	(819,947)	(402,411)	(891,368)
Net Income (Loss) for the year	(964,841)	(819,947)	(402,411)	(891,368)
Income (Loss) per share – basic and fully diluted	(0.03)	(0.02)	(0.01)	(0.02)
Total Assets	5,071,035	5,972,740	6,347,345	6,277,773
Total Liabilities	296,366	263,230	414,557	611,575

## LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2018, the Company had cash balances of \$1,155,873 compared with \$975,429 as at August 31, 2017. The Company had working capital of \$1,871,054, which management believes is sufficient to satisfy current liabilities of \$275,169 as at August 31, 2018.

Year ended August 31, 2018.

On December 7, 2017, the Company completed a private placement for gross proceeds of \$610,655. The Company issued 4,071,031 units at \$0.15 per unit. Each unit consisted of one common share and one common share purchase warrant and is exercisable at \$0.20 on or before December 7, 2019. The proceeds have been prorated to common shares and warrants based on the relative fair value of each component, with \$155,000 being allocated to warrants. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumptions: expected dividend yield – nil; expected volatility 91%; risk free interest rate 1.5%; and an expected life of 2 years. Total share subscriptions by directors and key management personnel were 186,333 units for proceeds of \$27,950.

If after four months from the closing date the closing price of the common shares on the TSX Venture Exchange (the "Exchange") is higher than \$0.30 for 20 consecutive trading days, based on the volume weighted average price on daily closing, then on the date that is the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the warrants will be accelerated to the date that is 20 business days after the Acceleration Trigger Date.

On December 14, 2017, the Company completed a private placement for gross proceeds of \$550,000. The Company issued 3,666,667 units at \$0.15 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.20 on or before December 14, 2019. The proceeds have been prorated to common shares and warrants based on the relative fair value of each component, with \$137,000 being allocated to warrants. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumptions: expected dividend yield – nil; expected volatility –89%; risk free interest rate – 1.6%; and an expected life of 2 years.

In connection with the December 2017 private placements, 158,690 finders warrants valued at \$9,521 were issued. Each finders warrant is exercisable at \$0.15 on or before December 7, 2019. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumptions: expected dividend yield – nil; expected volatility 89%; risk free interest rate 1.5%; and an expected life of 2 years.

If after four months from the closing date the closing price of the common shares on the TSX Venture Exchange (the "Exchange") is higher than \$0.30 for 20 consecutive trading days, based on the volume weighted average price on daily closing, then on the date that is the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the warrants will be accelerated to the date that is 20 business days after the Acceleration Trigger

(i) Year ended August 31, 2017

On January 9, 2017, the Company issued 50,000 common shares valued at \$7,000, pursuant to a First Nations memorandum of understanding agreement.

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover and develop economically viable mineral deposits and to raise money to support the discovery and development of such mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. There is no assurance that new funding will be available at the times required or desired by the Company. See "Risk Factors". Currently, the Company holds exploration projects and it is anticipated that additional equity financing will be available going forward. Equity markets do fluctuate which could affect timing of future financings. The Company continues to source other avenues of financing, including strategic partnerships in relation to its non-material properties, which may reduce the Company's reliance on equity financing.

## **DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT DECEMBER 20, 2018)**

The capital structure of Transition Metals is

• Common Shares Issued	41,615,906
• Options	2,232,500
• Warrants	7,946,388
• Fully diluted	51,794,794

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

### Cash and Cash Equivalents

The Company considers all highly liquid short-term investments with maturity of three months or less to be cash equivalents. As at August 31, 2018 the Company had \$1,155,873 in cash and cash equivalents (August 31, 2017 - \$975,429)

### Financial Instruments

As at August 31, 2018 the Company holds 2,500,000 shares in Aldershot Resources Ltd. a TSX Venture company, and 2,000,000 shares in Forum Energy Metals Corp. and has designated its investments as held-for-trading, which is measured at fair value. Unrealized gains or losses are recorded in the statement of comprehensive loss. All financial instruments are initially recognized at fair value on the balance sheet. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

The Company's financial assets and liabilities are recorded and measured as follows:

<b>Asset or Liability</b>	<b>Category</b>	<b>Measurement</b>
Cash	Held for trading	Fair value
Investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payables & accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments, measured at fair value in the statements of financial position as at August 31, 2018 and August 31, 2017 categorized into the levels of the fair value hierarchy.

	Level 1 (Quoted market price)	Level 2 (Valuation technique observable market inputs)	Level 3 (Valuation technique non-observable market inputs)
	\$	\$	\$
Investments	587,500	-	-
GIC's	-	49,219	-
<b>August 31, 2018</b>	<b>587,500</b>	<b>49,219</b>	<b>-</b>
Investment in marketable securities	52,500	-	-
GIC's	-	54,096	-
<b>August 31, 2017</b>	<b>52,500</b>	<b>54,096</b>	<b>-</b>

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities or derivative financial obligations.

## **RISKS AND UNCERTAINTIES**

Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. In addition to exploration risk, the Company is faced with a number of other risk factors. See "Risk Factors" below.

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties). The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties:

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company for the years ended August 31, 2018 and 2017 was as follows:

	2018	2017
	\$	\$
Short term benefits	435,720	402,715
Share based payments	-	204,206
	<u>435,720</u>	<u>606,921</u>

Short term benefits are included in: consultant fees and exploration and evaluation expenditures. Included in accounts payable and accrued liabilities as at August 31, 2018, is \$86,906 (2017 - \$53,870) owing to officers and management of TMC. The amounts are unsecured, non-interest bearing, and are due on demand.

Included in accounts receivable as at August 31, 2018 is \$75,004 (2017 - \$12,832) due from SPC and CGM in total. These amount are unsecured, non-interest bearing and due on demand.

See Notes 6, 7 and 9(b)(c) from August 31, 2018 audited consolidated financial statements.

## COMMITMENTS AND CONTINGENCIES

### *Environmental Contingencies*

The Company's exploration activities are subject to various federal, state, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### *Flow-through Expenditures*

The Company has indemnified the subscribers for any tax related amounts that become payable by the subscriber as a result of the Companies not meeting their expenditure commitments. As at August 31, 2018, all required flow through funds had been spent for Transition Metals Inc.

## RISKS FACTORS

The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

### *Liquidity Concerns and Future Financings*

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

### *Nature of Mining, Mineral Exploration and Development Projects*

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in the mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operation costs are estimated to be greater than projected prices of product. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

### *No Revenues*

To date the Company has recorded no revenues from exploration operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

### *Licenses and Permits, Laws and Regulations*

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities and are

subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that Transition Metals will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

#### *Mineral Commodity Prices*

The value of the Company's properties will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

#### *Environmental*

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the value of its properties. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

#### *Title to Properties*

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

#### *Uninsured Risks*

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase costs of projects.

#### *Competition*

Transition Metals competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

### *Dependence on Outside Parties*

Transition Metals has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop processes to extract the commodity from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Transition Metals.

### *Conflicts of Interest*

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of Transition Metals may have a conflict of interest in negotiating and concluding terms respecting such participation.

### *Litigation*

Transition Metals has entered into legally binding agreements with various third parties on a consulting and partnership basis. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and Transition Metals may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause Transition Metals to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on Transition Metals.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, and impact decisions as to when exploration and development costs should be capitalized or expensed. The most significant estimates are the valuation of the interest in exploration properties and future income tax assets. The Company regularly reviews its estimates and assumption; however, actual results could differ from these estimates and these differences could be material.

## **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There were no changes to the Company's internal control over its financial reporting for the period ended August 31, 2018, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

As of August 31, 2018, the Company evaluated its disclosure controls and procedures and internal control over financial reporting. These evaluations were carried out under the supervision of the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based on these evaluations, the CEO and CFO concluded that the design and operation of these internal controls and procedures and internal control over financial reporting was effective.

## **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION**

Except for statements of historical fact relating to Transition Metals certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the Company's proposed acquisitions and strategy, development potential and timetable of the Company's properties; the Company's ability to raise required funds; future mineral prices; mineralization projections; conclusions of

economic evaluation; the timing and amount of estimated future exploration and development; costs of development; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration activities are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on extensive research of the Company, recent estimates of exploration costs and other factors that are set out herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during exploration and development; acquisition risks; regulatory risks; revocation of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of minerals; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from current project properties. Please see Risk Factors section of this MD&A. In particular, the current state of the global securities markets may cause significant fluctuations and/or reductions in the price of the Company’s securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

## **Outlook**

The Company will continue to develop its Project Generator business model which involves the acquisition and sale of the projects identified and generated by the Company. The Company intends to continue to develop and advance its portfolio projects with the objective of attracting new funding partners to further leverage the Company’s exposure to the value creation that can come from the discovery of new mineral deposits. In 2018, the Company was able to generate 13 new projects resulting in the acquisition of approximately 228 square kilometres of property ownership rights. Of these projects, ongoing work the Highland Gold project is quite encouraging with results pending from this project that are hoped to drive value for the company and attract new partners. In 2018 Transition and its affiliates were successful in attracting new partnership investment to 3 projects (Janice Lake – Forum Uranium, Canadian Gold Miner’s – Golden Elk Project – Explorex, and Dundonald – to Vanicom) totaling approximately 201 square kilometres.

Partnered projects that the Company considers key to driving value into the next period include: the Sunday Lake PGM-Cu-Ni joint venture with North American Palladium near Thunder Bay, the Janice Lake sedimentary copper project which will be advanced by Forum Energy Metals Corp, and the development of its investment interest in gold projects in the Abitibi which are being advanced by CGM, and the Aer Kidd and Lockerby East projects being advanced by SPC in Sudbury. It is anticipated that Canadian Gold Miner and Sudbury Platinum may complete Initial Public Offerings in 2019.

## Responsibility for financial statements

The information provided in this report, including information from the related audited consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

As part of the oversight role of the Board of Directors to ensure the Company's disclosures contain no misrepresentations, the Audit Committee reviews the interim and annual financial statements and MD&A prepared by management, and the preparation process. The Audit Committee, once satisfied, recommends the statements and MD&A to the Board of Directors for approval. The Board as a whole considers the financial statements and MD&A before approving them for filing in the prescribed manner.

## Internal controls

Management has established processes to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (a) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (b) the audited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. 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 this certificate.

Investors should be aware that inherent limitations 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 NI 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.