# TROILUS GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended
July 31, 2018 and 2017

# Management's Discussion and Analysis

For the year end July 31, 2018

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Troilus Gold Corp. ("we", "our", "us", "Troilus", or the "Company") for the year end July 31, 2018 and should be read in conjunction with the Company's audited annual consolidated financial statements for the year end July 31, 2018, as well as the Company's Management Information Circular, dated November 22, 2017 filed on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which described the reverse acquisition transaction. The financial statements and related notes of Troilus have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain Non-IFRS measures are discussed in this MD&A and are clearly disclosed as such. Additional information, including our press releases, has been filed electronically on SEDAR and is available online under the Company's profile at www.sedar.com and on our website at www.troilusgold.com.

This MD&A reports our activities through October 10, 2018 unless otherwise indicated. References to the 1st, 2nd, 3rd and 4th quarters of 2018 or Q1-,Q2-, Q3- and Q4-2018, and the 1st, 2nd, 3rd and 4th quarters of 2017 or Q1-,Q2-, Q3- and Q4-2017 mean the three months ended October 31, 2017, January 31, April 30, and July 31, 2018 and October 31, 2016, January 31, April 30, and July 31, 2017 respectively. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Blake Hylands, P.Geo, Vice-President of Exploration for Troilus, is the in-house Qualified Person under National Instrument 43-101 and has reviewed and approved the scientific and technical information in this MD&A. Mr. Hylands is an employee of Troilus and is therefore not considered to be independent under National Instrument 43-101.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Except for statements of historical fact relating to Troilus, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to: possible events, the future price of gold, the estimation of mineral reserves and mineral resources, potential upgrades and/or expansion of the mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "anticipates", ''plans'', ''expects'', "indicative", "intend", ''scheduled'', "timeline", ''estimates'', ''forecasts", "guidance", "opportunity", "outlook", "potential", "projected", "schedule", "seek", "strategy", "study" (including, without limitation, as may be qualified by "feasibility" and "pre-feasibility"), "targets", "models", or ''believes'', or variations of or similar such words and phrases or statements that certain actions, events or results ''may'', ''could'', ''would'', or ''should'', ''might'', or ''will be taken'', ''occur'' or ''be achieved'' and similar expressions identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Troilus and its external professional advisors as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the ''Risk and Uncertainties'' section of the Management Information Circular dated November 22, 2017 (filed on SEDAR) and this MD&A. These factors are not intended to represent a complete list of the factors that could affect the Company. Economic analyses (including mineral reserve and mineral resource estimates) in technical reports are based on commodity prices, costs, sales, revenue and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated. Troilus disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent events and such forward-looking information, except to the extent required by applicable law and regulations.

**OVERVIEW**

In December 2017, the Company closed a transaction whereby it acquired an option to acquire a 100% interest in a past-producing gold mine located approximately 450 km northeast of Val-d'Or, Quebec, ("the Troilus project") through a reverse acquisition. The Company changed its name from Pitchblack Resources Ltd. ("Pitchblack") to Troilus Gold Corp. upon closing of this transaction.

The option to acquire the Troilus project was held by 2507868 Ontario Inc. ("250") and 2513924 Ontario Inc. ("251"). On December 20, 2017, 250, 251 and a newly incorporated subsidiary of Pitchblack amalgamated, and the Company acquired 100% of the shares of the amalgamated entity. Management determined that this transaction constituted a reverse acquisition in accordance the policies of the TSX Venture Exchange whereby the net assets of the Company are deemed to have been acquired by 250. The Company has adopted the fiscal year end of 250, which is July 31, and comparative figures are those of 250 prior to the reverse acquisition.

In May 2016, 250 entered into an option agreement with First Quantum Minerals Ltd. ("First Quantum") to acquire the Troilus project. To exercise the option, a minimum of $1,000,000 must be spent on engineering and technical studies. The Company has met this expenditure commitment. Option payments of $100,000 were paid in each of May 2016, May 2017 and February 2018. The Company formally exercised the option in April 2018 and now officially own 100% of the Troilus project. The Company and First Quantum entered into a liabilities assignment agreement and a royalty agreement whereby a variable Net Smelter Royalty of 1.5% or 2.5% depending on the gold price being more or less than US$1,250/ounce during the reference period has been granted to First Quantum.

The Company's focus is on mineral expansion and a potential restart of the former gold and copper Troilus mine located northwest of the Val-d'Or district in Quebec, which produced more than 2,000,000 ounces of gold and nearly 70,000 tonnes of copper from 1997 to 2010. The acquisition of the Troilus project includes all infrastructure, including power lines, camp buildings, permitted tailings pond and associated water treatment facilities.

## OUTLOOK

The Company's short- and long-term goals to advance mineral expansion of the Troilus project and potentially restart the mine include:

- Continue with a regional exploration program using the funds from the recently announced flow through financing (see May 14, 2018 press release).
- Longer term, the Company plans to complete a Preliminary Economic Assessment ("PEA") to understand the economics of a possible reopening of the Troilus mine in an underground or open pit scenario. It is expected that this PEA will be completed in 2019 following the release of an updated resource estimate.
- It is the Company's intention to continue development of the Troilus project now that the 36,000 metre drilling campaign has been completed. Upon completion of the PEA, management expects to expand drilling to the reserve category and continue engineering to the Preliminary Feasibility Study and Bankable Feasibility Study stages.

## THE TRANSACTION

On December 20, 2017, the Company completed a transaction which constituted a reverse acquisition.

The Company, formerly called Pitchblack, acquired an entity resulting from the amalgamation of 250, 251 and a newly created subsidiary of Pitchblack. On closing, this entity became a 100% subsidiary of the Company and became known as TLG Project Inc. 250 was a subsidiary of Sulliden Mining Capital Inc. ("Sulliden"). 250 held the option to acquire a 100% interest in the Troilus project, and had granted 251 an irrevocable and exclusive option to acquire a 40% undivided interest in the Troilus project. Upon closing of the reverse acquisition, the Company issued 10,000,000 shares to the shareholders of 251 and 15,000,000 to Sulliden as consideration for their respective interest in the Troilus project. Upon amalgamation of these companies, the Company acquired a 100% interest in the option to acquire the Troilus project. In February 2018, the Company and TLG Project Inc. amalgamated, and with the exercise of the option, the Company now owns 100% of the Troilus project directly.

250 had completed a private placement financing in November 2017 issuing 14,030,000 subscription receipts, with each subscription receipt entitling the holder to receive one common share of 250 and one common share purchase warrant. The subscription was priced at $1.64 per subscription, and total gross proceeds raised was $23,009,200. For accounting purposes, 250 was treated as the accounting parent company (legal subsidiary), 251 was treated as a subsidiary, and the Company was treated as the accounting subsidiary (legal parent) in the condensed interim consolidated financial statements. As 250 was deemed to be the acquirer for accounting purposes, the consolidated financial statements include the results of operations of the Company and 251 from the date of the transaction, December 20, 2017 and the results of 250 since inception. As Pitchblack and 251 did not qualify as businesses according to the definition in IFRS 3 Business Combinations, this reverse acquisition does not constitute a business combination. It has been accounted for in accordance with IFRS 2 Share-based Payments, such that 250 is deemed to have issued shares in exchange for the net assets of Pitchblack and 251 together with Pitchblack's TSX-V listing status.

**TROILUS PROJECT**

The Troilus property is located approximately 450 km northeast of Val-d'Or, Quebec, Canada. The property consists of 81 mineral claims and one surveyed mining lease that collectively cover approximately 4,700 hectares. The acquisition will include all infrastructure such as roads, power lines, camp buildings, permitted tailings pond, and associated water treatment facilities.

From 1997 to 2010 Inmet Mining Company ("Inmet") operated the Troilus Mine, which produced in excess of 2,000,000 ounces of gold and 70,000 tonnes of copper. Inmet commissioned the Troilus mill in 1996 and achieved commercial production in April 1997 at a rate of 10,000 tonnes per day with recoveries of 86% gold and 90% copper and a concentrate grade of 18% copper, eventually reaching a production milestone of 18,000 tonnes per day. First Quantum acquired the Troilus property through its acquisition of Inmet in 2013. Site restoration work at the mine site property began after the mine closed and is approximately 95% completed.

A technical report dated November 20, 2017 was filed by Pitchblack on November 27, 2017. During the option period, initial desktop and compilation work was done by 250 in order to evaluate the economic potential of Troilus and satisfy the work commitment of the option agreement.

The Company has opened a local office in the town of Chibougamau, Quebec and opened an information center in the Cree Nation town of Mistissini.

**EXPLORATION ACTIVITIES**

In February 2018, the Company commenced a 30,000 metre drill program, which was expanded to 36,000 metres during the summer. Troilus engaged the services of Forages Chibougamau Ltée, and drills were mobilized on site February 2nd (see press release dated February 5, 2018 at www.troilusgold.com). The program focused on two primary areas: Z87 and J4 & J5. During the summer of 2018, the Company carried out a summer exploration program mostly focused on the Southwest Zone and Troilus North. The key goals and objectives of our exploration program and results to date are as follows:

**1) Z87:**

Expand defined underground mineral resource down dip and along strike below the historic producing Z87 open pit.

From 1996 to 2010, Z87 produced the majority of the over 2 million ounces of gold and 70,000 tonnes of copper at the Troilus Project. The Z87 pit was ultimately 350 metres deep and had a strike of approximately 900 metres. The Z87 zone, is the focus of the current underground estimated mineral resource representing over 1.6 million ounces of indicated and 360,000 ounces of inferred material.

Mineralization at the Troilus Project is hosted in breccias and amphibolite grade metamorphic rocks within a much broader, 4.5 km by 400 m, metamorphosed diorite, known as the Troilus Diorite. Fine-grained disseminated gold accounts for approximately 90% of mineralization at Troilus, primarily as native gold and electrum with grains as large as 20 microns. Chalcopyrite, Pyrite, and Pyrrhotite are broadly disseminated throughout the ore body, which are rarely associated with gold (<1-3%). Vein-hosted gold accounts for approximately 10% of mineralization which are responsible for high grade intercepts (>50gpt over 1 m) at Troilus.

The broad geology and style of mineralization at Z87 creates a large deposit area, nearly 1 kilometre along strike and 30-50 metres wide, which remains open both along strike and down dip. The 2018 drill program at Z87 was designed to:

- Expand and infill certain areas of our existing underground resource;
- Convert and upgrade inferred material along the flanks and down dip extension of underground estimated mineral resource to an indicated category; and
- Expand down dip estimated mineral resource and show potential for further expansion through focused infill and stepout drilling.

Highlights from holes TLG-Z8718-001, 002, 003, 004, 005, 007, 010 and 011 in Z87:

- 1.7 grams per tonne gold (g/t Au) and 0.213 percent copper (% Cu) for 2.04 grams per tonne gold equivalent (g/t AuEq) over 44 metres, including 6.94 g/t AuEq over 4.7 metres within the targeted Troilus Diorite in hole TLG-Z8718-001.
- 1.49 g/t gold and 0.138% Cu for 1.71 g/t AuEq over 47m, including 8.08 g/t AuEq over 3.9m within the Troilus Diorite in hole TLG-Z8718-002
- 1.99 grams per tonne gold (g/t Au) and 0.18 percent copper (% Cu) for 2.28 grams per tonne gold equivalent (g/t AuEq) over 41 metres, including 4.06 g/t AuEq over 6 metres within a broader mineralized zone of 1.42 g/t Au and 0.13% Cu for 1.63 g/t AuEq over 76 metres within the targeted Troilus Diorite in hole TLG-Z8718-003.
- 1.43 g/t gold and 0.13% Cu for 1.64 g/t AuEq over 44.9 metres, including 3.98 g/t AuEq over 5.4 metres within a broader mineralized zone of 1.11 g/t Au and 0.09% Cu for 1.26 g/t AuEq over 73 metres within the Troilus Diorite in hole TLG-Z8718-004
- 1.13 g/t gold and 0.14% Cu for 1.36 g/t AuEq over 70 metres within a broader mineralized zone of 1.22 g/t AuEq over 90 metres, including 1.97 g/t AuEq over 6 metres, 3.93 g/t AuEq over 5 metres, and 2.53 g/t AuEq over 8 metres within the Troilus Diorite in hole TLG-Z8718-005.
- 1.63 g/t gold and 0.086% Cu for 1.77 g/t AuEq over 40 metres within a broader mineralized zone of 1.06 g/t AuEq over 88 metres, including 31.3 g/t AuEq over 1 metre and 4.33 g/t AuEq over 4 metres within the Troilus Diorite in hole TLG-Z8718-007
- 1.17 g/t gold and 0.11% Cu for 1.34 g/t AuEq over 34 metres, including 2.01 g/t AuEq over 6 metres within the Troilus Diorite in hole TLG-Z8718-010
- 0.94 g/t gold and 0.04% Cu for 1.0 g/t AuEq over 42 metres, including 2.87 g/t AuEq over 3 metres and 2.12 g/t AuEq over 8 metres and 0.9 g/t gold and 0.08% Cu for 1.03 AuEq over 39 metres, including 2.68 g/t AuEq over 3 metres within the Troilus Diorite in hole TLG-Z8718-011.

*Metal grades uncut
**AuEq based on $1300/oz Au, $3/lb Cu and 100% recovery.  Au g/t + ( Cu g/t * Cu price (g))/Au price (g)

Broad zones of mineralization correlating well with historical results are providing increased confidence in the program.  The Company continues to identify thick intervals of historic mine-grade mineralization marked by materially higher-grade discreet zones as witnessed in the first four holes drilled.  A large backlog in the labs has now been cleared, and the Company expects to deliver the bulk of the Z87, J4 and J5 results soon.

Logging and sampling are nearing completion. A broad regional exploration program was started after drilling was completed in July 2018 focusing on expanding known and new near surface targets.

**2) J4 & J5:**

Expand mineral resource below historic producing J4 and J5 open pits to show potential near surface mineralization.

J4 and J5, two smaller scale historic open pits located 200m and 1km directly northeast of Z87 are characterized by the same mineralization and geology as Z87; both remaining open at depth and along strike.

Our inherited database, suggests the potential for additional near surface mineralization at J4 and J5, and potentially signifies open pittable resource opportunities. The objective of the 2018 drill campaign at J4 and J5 was to expand the open pit and underground estimated mineral resource below these lesser historic pits, with the intent of recognizing material that could contribute to an early production scenario.

Drilling below the J4 and J5 historic open pits to show down dip expansion has been completed, as well as deep extensions below the current estimated inferred mineral resource at Z87, and the Company has received all assay results and these are being processed.

J5 Highlights to date:

- Hole TLG-ZJ5-022 intersects J5 and J4 Zone intersects down extensions dip of J4 Southwest of J5 and Northeast of Z87
  - J5 - 0.93 g/t gold and 0.064% Cu for 1.03 g/t AuEq over 6 m, including 1.76 g/t AuEq over 2 m; 1.45 g/t gold and 0.174% Cu for 1.73 g/t AuEq over 4 m
  - J4 - 0.94 g/t gold and 0.068% Cu for 1.05 g/t AuEq over 9m, including 2.53 g/t AuEq over 2m
- TLG-ZJ5-023 - 1.58 g/t gold and 0.096% Cu for 1.73 g/t AuEq over 10m, including 2.78 g/t AuEq over 5m; 1.06 g/t gold and 0.061% Cu for 1.16 g/t AuEq over 16m, including 3.1 g/t AuEq over 2m, and 3.35 g/t AuEq over 1m; 0.76 g/t gold and 0.048% Cu for 0.84 g/t AuEq over 8m less than 100m true depth
- TLG-ZJ5-029 - 1.89 g/t gold and 0.067% Cu for 2.0 g/t AuEq over 9 metres, including 6.39 g/t AuEq over 2m; 0.62 g/t gold and 0.093% Cu for 0.77 g/t AuEq over 7m, including 1.36 g/t AuEq over 1m
- TLG-ZJ5-026 - 1.15 g/t gold and 0.078% Cu for 1.27 g/t AuEq over 12m, including 1.91 g/t AuEq over 5.2m; 0.69 g/t gold and 0.031% Cu for 0.74 g/t AuEq over 5m

**3) Southwest Zone and Troilus North**

Based on historic drilling success, initiate near surface exploration 3.5 km southwest of Z87 open pit along the Troilus Diorite boundary.

The Southwest Zone is located along the margin of the Troilus Diorite and surrounding volcanics, 3.5 km southwest of Z87. Historically this area exhibited significant mineralization from drilling including intercepts as high as 36m at 1.23g/t Au, and 18m at 1.06g/t Au. Historic drilling in this area is limited, leaving the opportunity to explore, and potentially outline new mineralization at surface.

The Southwest Zone exemplifies near term, blue sky opportunity at Troilus, and will be the initial focus of a significant, property wide exploration program. The Troilus Diorite remains underexplored and highly prospective.

Troilus North is located directly northeast of the J4/J5 Zones and continues to the limits of TLG's claim limits over approximately 1.8km. This area is defined by multiple surface showings containing pyrite, chalcopyrite, and historic results showing gold bearing rocks. The general trend and lithology is currently understood to resemble that of the J4/J5 Zones and is likely an extension of these same units.

Current Mineral Resource Estimates

OPEN PIT AND UNDERGROUND MINERAL RESOURCE ESTIMATE
Troilus Gold Corp. - Troilus project

| Classification | Tonnage (MT) | Au (g/t) | Cu (%) | AuEq (g/t) | Contained Gold ('000 oz) | Contained Copper (Mlb) | Contained AuEq ('000 oz) |
|---|---|---|---|---|---|---|---|
| Indicated | 44.0 | 1.27 | 0.120 | 1.45 | 1,789 | 116.5 | 2,054 |
| Inferred | 18.7 | 1.03 | 0.084 | 1.16 | 622 | 34.8 | 701 |

*Prepared by Roscoe Postle Associates Inc.*

Notes:

1. The Canadian Institute of Mining, Metallurgy and Petroleum (CIM), definitions were followed for Mineral Resource Estimates.
2. Open pit Mineral Resources were estimated at a cut-off grade of 0.3 g/t Au and were constrained by a Whittle pit shell. Underground Mineral Resources were estimated at a cut-off grade of 0.8 g/t Au.
3. Mineral Resources were estimated using long-term metal prices of US$1,500 per ounce gold and US$3.50 per pound copper; and an exchange rate of US$1.00 = C$1.1.
4. AuEq = (34.59 x Au grade + 54.02 x Cu grade) / 34.59.
5. A recovery of 83% was used for gold and 92% for copper.
6. The quantity and grade of the reported estimated inferred mineral resources are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
7. Mineral resources are not mineral reserves and have not demonstrated economic viability.
8. The Troilus Project Mineral Resource Estimates were prepared by Luke Evans, M.Sc., P.Eng. and Tudorel Ciuculescu, M.Sc., P.Geo., Qualified Persons under NI 43-101 who are independent of the Company
9. The effective date of the Mineral Resource Estimate is June 30, 2016.

UNDERGROUND MINERAL RESOURCES
Troilus Gold Corp. - Troilus project

| Classification | Zone | Tonnage (MT) | Au (g/t) | Cu (%) | AuEq (g/t) | Contained Gold ('000 oz) | Contained Copper (Mlb) | Contained AuEq ('000 oz) |
|---|---|---|---|---|---|---|---|---|
| Indicated | Z87 | 29.6 | 1.48 | 0.157 | 1.72 | 1,403 | 102.2 | 1,635 |
| | J4 | - | - | - | - | - | - | - |
| | J5 | - | - | - | - | - | - | - |
| Total | | 29.6 | 1.48 | 0.157 | 1.72 | 1,403 | 102.2 | 1,635 |
| Inferred | Z87 | 7.9 | 1.19 | 0.138 | 1.41 | 305 | 24.2 | 360 |
| | J4 | 4.4 | 1.15 | 0.040 | 1.21 | 163 | 3.9 | 172 |
| | J5 | 0.3 | 0.98 | 0.045 | 1.05 | 10 | 0.3 | 11 |
| Total | | 12.6 | 1.18 | 0.102 | 1.33 | 478 | 28.4 | 543 |

*Prepared by Roscoe Postle Associates Inc.*

Notes:
1. The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for Mineral Resource Estimates.
2. Mineral Resources were estimated at a cut-off grade of 0.8 g/t Au.
3. Mineral Resources were estimated using long-term metal prices of US$1,500 per ounce gold and US$3.50 per pound copper; and an exchange rate of US$1.00 = C$1.1.
4. AuEq = (34.59 x Au grade + 54.02 x Cu grade) / 34.59.
5. A recovery of 83% was used for gold and 92% for copper.
6. Numbers may not add due to rounding.
7. The quantity and grade of the reported estimated inferred mineral resources are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
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9. The Troilus Project Mineral Resource Estimates were prepared by Luke Evans, M.Sc., P.Eng. and Tudorel Ciuculescu, M.Sc., P.Geo, Qualified Persons under NI 43-101 who are independent of the Company.
10. The effective date of the Mineral Resource Estimate is June 30, 2016.

OPEN PIT MINERAL RESOURCES
Troilus Gold Corp. - Troilus project

| Classification | Zone | Tonnage (MT) | Au (g/t) | Cu (%) | AuEq (g/t) | Contained Gold ('000 oz) | Contained Copper (Mlb) | Contained AuEq ('000 oz) |
|---|---|---|---|---|---|---|---|---|
| Indicated | Z87 | - | - | - | - | - | - | - |
| | J4 | 12.2 | 0.84 | 0.044 | 0.91 | 329 | 12 | 356 |
| | J5 | 2.2 | 0.80 | 0.052 | 0.88 | 57 | 3 | 63 |
| Total | | 14.4 | 0.83 | 0.045 | 9.00 | 386 | 14.3 | 419 |
| Inferred | Z87 | - | - | - | - | - | - | - |
| | J4 | 2.9 | 0.85 | 0.043 | 0.92 | 81 | 2.8 | 87 |
| | J5 | 0.7 | 0.78 | 0.059 | 0.87 | 18 | 0.9 | 20 |
| | J4Low | 2.5 | 0.56 | 0.049 | 0.64 | 45 | 2.7 | 51 |
| Total | | 6.1 | 0.73 | 0.048 | 0.81 | 144 | 6.4 | 158 |

*Prepared by Roscoe Postle Associates Inc.*

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources were estimated at a cut-off grade of 0.3 g/t Au and were constrained by a Whittle pit shell.
3. Mineral Resources were estimated using long-term metal prices of US$1,500 per ounce gold and US$3.50 per pound copper; and an exchange rate of US$1.00 = C$1.1.
4. AuEq = (34.59 x Au grade + 54.02 x Cu grade) / 34.59.
5. A recovery of 83% was used for gold and 92% for copper.
6. Numbers may not add due to rounding.
7. The quantity and grade of the reported estimated inferred mineral resources are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.
8. Mineral resources are not mineral reserves and have not demonstrated economic viability.
9. The Troilus Project Mineral Resource Estimates were prepared by Luke Evans, M.Sc., P.Eng. and Tudorel Ciuculescu, M.Sc., P.Geo, Qualified Persons under NI 43-101 who are independent of the Company.
10. The effective date of the Mineral Resource Estimate is June 30, 2016.

Expenditures on the project:

| | Quarters ended July 31, 2018 | Quarters ended July 31, 2017 | Years ended July 31, 2018 | Years ended July 31, 2017 |
|---|---|---|---|---|
| Exploration and evaluation expenses: | | | | |
| Drilling, assaying and geology | $ 2,177,659 | $ - | $ 3,998,445 | $ - |
| Salaries, payroll costs and consultants | 988,184 | 92,000 | 1,521,255 | 373,000 |
| Site and camp costs | 203,853 | - | 447,506 | - |
| Support and other costs | 151,012 | - | 311,130 | - |
| Studies | 156,468 | - | 260,558 | 38,394 |
| Government and community relations | 29,248 | 13,500 | 58,889 | 54,000 |
| Travel | 72,359 | 16,550 | 138,001 | 36,323 |
| Troilus project acquisition costs | 21,600 | 100,000 | 403,247 | 128,979 |
| Tax credits receivable | (1,044,979) | - | (1,044,979) | - |
| Non-cash property acquisition cost | 242,242 | - | 11,219,000 | - |
| | $ 2,997,646 | $ 222,050 | $ 17,313,052 | $ 630,696 |

**RESULTS OF OPERATIONS**

| | Quarters ended July 31, 2018 | Quarters ended July 31, 2017 | Years ended July 31, 2018 | Years ended July 31, 2017 Restated Note 3 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Exploration and evaluation expenses | $ 2,997,646 | $ 222,051 | $ 17,313,052 | $ 630,696 |
| Reclamation estimate | (35,795) | - | 3,500,653 | - |
| General and administrative expenses | 1,012,250 | - | 3,899,861 | - |
| Stock-based compensation | (1,637,783) | - | 3,153,240 | - |
| **Total expenses before other items** | 2,336,318 | 222,051 | 27,866,806 | 630,696 |
| **Other (income)/expenses** | | | | |
| Interest income | (64,163) | - | (145,647) | - |
| Flow-through share premium | (799,683) | - | (799,683) | - |
| Other gains and losses | 5,498 | - | 2,458 | - |
| Transaction expenses | 67,504 | - | 3,507,136 | - |
| **Net comprehensive loss for the period** | $ 1,545,474 | $ 222,051 | $ 30,431,070 | $ 630,696 |

The Company recorded a net loss of $1,545,474 for the quarter ended July 31, 2018, and a loss of $30,431,070 for the year ended July 31, 2018. Prior to the close of the acquisition, the Company's results of operations are those of 250, a former subsidiary of Sulliden, and costs included those related specifically to the project and did not include administrative costs.

Exploration and evaluation expenses and engineering costs are detailed in the Exploration Activities section of this report above. Costs during Q4-2018 increased significantly compared to Q4-2017. The Company completed a 36,000 metre drill program during Q3- and Q4-2018 and overall costs increased as a result of this activity. Payroll costs increased with the addition of new staff and consultants, as well as the use of contracted labourers . The Company continued work on a PEA during Q4-2018. The Company incurred costs for the exercise of the option to acquire the Troilus project mostly during the previous quarter, including the $100,000 option payment and other legal and administrative costs. Costs in previous quarters and the comparative quarter include costs incurred by the Company to evaluate the economic viability of exercising the Troilus option and prepare the internal desktop studies and engineering and technical studies required by First Quantum to exercise the option agreement. These internal studies led the Company to a decision to exercise the option, begin the 36,000 metre exploration program and commit to prepare a PEA, expected to be completed in 2019. Exploration and PEA costs are expected to be a minimum of $13,000,000 between August 2018 to December 2019 to meet our flow-through obligations. Upon acquisition of 100% of the Troilus project in April 2018, the Company recognized a reclamation provision from previous activity at the Troilus site based on an estimate of anticipated future costs for reclamation. This charge is recorded as a reclamation estimate in the statement of operations. As well, exploration and evaluation costs for the year ended July 31, 2018 include a non-cash property acquisition cost representing the net assets less consideration paid in shares to acquire 251. The Company issued 10,000,000 shares with a value of $11,219,000, to the shareholders of 251, and 251 had $1,000 in current assets.

General and administrative expenses are detailed below:

| | Quarters ended July 31, | | Years ended July 31, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| General and administrative expenses : | | | | |
| Salaries, payroll costs and consultants | $ 520,588 | $ - | $ 2,506,082 | $ - |
| Professional costs | 91,081 | - | 210,224 | - |
| Shareholder communications | 269,363 | - | 899,772 | - |
| Office and general | 81,949 | - | 187,748 | - |
| Travel | 24,840 | - | 43,611 | - |
| Depreciation | 24,429 | - | 33,690 | - |
| Mining claim costs, non-core properties | - | - | 18,734 | - |
| | $ 1,012,250 | $ - | $ 3,899,861 | $ - |

The Company's payroll costs commenced from the time of acquisition and is anticipated to be a regular cost going forward. During the year ended July 31, 2018, bonuses were granted to directors, officers and consultants of the Company to reward the efforts involved in completing the acquisition and the resulting transaction, and are included in Salaries, payroll costs and consultants. Shareholder communications includes regulatory costs, as well as investor relations programs that the Company initiated post acquisition. Also included in general and administration costs are claim maintenance costs for the non-core properties inherited from Pitchblack.

The Company granted 4,005,000 stock options to directors, officers, employees and consultants of the Company during the year ended July 31, 2018, resulting in stock-based compensation expense $3,153,240 for the year end July 31, 2018. The credit during Q4-2018 results from an adjustment to the valuations.

The Company earned interest income of $64,163 and $145,647 during the quarter and year end July 31, 2018 respectively. The Company has invested excess cash in highly liquid, high-interest savings accounts resulting in this interest income.

As a result of the Company's flow-through financings in June 2018, the Company recorded a flow-through liability on the statement of financial position representing the premium on the share issuances. As the Company incurs eligible expenditures against this liability, the Company reduces the liability and records this a s flow-through share premium recovery on the statement of operations. As at July 31, 2018, the liability was reduced by $799,683.

Transaction expenses is the accounting expense recorded from the reverse acquisition. This results from subtracting the value of the consideration paid from the net assets acquired. The net assets acquired was ($545,488) as Pitchblack carried $1,795,815 in liabilities. The consideration was measured at the fair value of the shares issued for the acquisition. As this was a reverse acquisition, it is deemed that the Company issued 2,480,620 common shares, valued at $2,783,256, which was the number of Pitchblack shares outstanding at the time of acquisition – these are the shares 250 would have had to issue to the shareholders of Pitchblack.

**ANNUAL RESULTS**

| | Years ended July 31, | | |
|---|---|---|---|
| | **2018** | **2017** | **2016** |
| Interest income | $ 145,647 | $ - | $ - |
| Net loss and comprehensive loss | $ (30,431,070) | $ (630,696) | $ (188,898) |
| Basic and diluted net loss per share | $ (0.91) | $ (0.04) | $ (0.01) |
| Total assets | $ 27,698,332 | $ - | $ - |

**SUMMARY OF QUARTERLY RESULTS**

| | July 31, 2017 Q4-2018 | April 30, 2018 Q3-2018 | January 31, 2018 Q2-2018 | October 31, 2017 Q1-2018 |
|---|---|---|---|---|
| Interest income | $ 64,163 | $ 67,128 | $ 14,356 | $ - |
| Net loss and comprehensive loss | (1,545,474) | (7,536,469) | (21,238,837) | (110,290) |
| Basic and diluted net loss per share | ($0.03) | ($0.21) | ($0.67) | ($0.07) |
| Total assets | 27,698,332 | 16,752,393 | 18,226,982 | - |

| | July 31, 2017 Q4-2017 | April 30, 2017 Q3-2017 | January 31, 2017 Q2-2017 | October 31, 2016 Q1-2017 |
|---|---|---|---|---|
| Interest income | $ - | $ - | $ - | $ - |
| Net loss and comprehensive loss | (222,052) | (117,150) | (141,087) | (150,407) |
| Basic and diluted net loss per share | ($0.01) | ($0.01) | ($0.01) | ($0.01) |
| Total assets | - | - | - | - |

As a result of the reverse acquisition, comparative figures are those of 250 prior to the reverse acquisition. The Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures in order to enhance the relevance of these costs and improve comparability among peers. The new policy was adopted at the completion of the reverse acquisition and has been applied retrospectively. In prior periods, the Company's policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this policy to expense exploration expenditures as incurred, on a retroactive basis.

Prior to the reverse acquisition, 250 was a subsidiary of Sulliden. 250 did not have a bank account, and Sulliden funded their project expenditures. As a result, the Company did not record assets until Q2-2018, where the Company completed a private placement financing, and completed the reverse acquisition. Total assets decreased in Q3-2018 as a result of cash expenditures on exploration properties, which are expensed to the statement of operations. Total assets increased significantly in Q4-2018 as a result of the flow-through financings.

The loss recorded during Q2-2018 includes an option acquisition expense related to the acquisition of 251 and a listing transaction expense, which represents the net assets of Pitchblack acquired less consideration provided. As well, the Company issued stock options during Q2-2018 generating a non-cash stock-based compensation expense of $4,791,023. The loss in Q3-2018 includes exploration costs as the Company commenced its drill program during this period. As well, the Company recorded a reclamation expense estimate of $3,536,448 during Q3-2018. This quarter also includes a full quarter of corporate costs. Net loss during Q4-2018 includes a flow-through share premium recovery of $799,682, an adjustment to stock-based compensation expense, and a reduction of $1,044,979 to exploration and evaluation expenditures as a result of the tax credit receivable recorded during the quarter.

## LIQUIDITY AND CAPITAL RESOURCES

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company currently has a negative operating cash flow and finances its mineral exploration through equity financings. The Company's financial success will be dependent on the economic viability of its mineral exploration and development properties and the extent to which it can establish economic mineral reserves and operations.

The Company had working capital (see Non-IFRS Measures) of $19,641,298 as at July 31, 2018 (July 31, 2017 – a working capital deficit of $819,593) including cash and cash equivalents of $20,236,630 (July 31, 2017 - $nil).

The Company completed a private placement financing in November 2017, raising $21,425,785 net of issue costs. In June 2018, the Company raised $14,578,336 net of issue costs from a bought-deal private placement financing through the issuance of flow-through shares.

The Company entered into an equipment financing arrangement during the year ended July 31, 2018 to acquire the camp facility. Monthly payments of $18,815 are required over a 24-month period with a buyout option at the end of the term. The total liability as at July 31, 2018 is $383,006, of which $211,431 is current.

The Company has reclamation and water treatment obligations at the Troilus site from historical mining activities. The Company has recorded a total obligation of $3,441,361 as at July 31, 2018, of which $259,000 has been recognized as current. This estimate assumes that future mining operations will not resume and as management continues its exploration program and works towards a future mining scenario, the reclamation provision will be adjusted accordingly.

## CASH FLOWS

Cash used in operating activities during the year ended July 31, 2018 was $11,253,814 compared to $nil for the year ended July 31, 2017. The Company used $9,876,326 on exploration and evaluation expenses, engineering costs and administrative expenses as described earlier in this report during the year ended July 31, 2018 (July 31, 2017: $630,696). Non-cash working capital used $1,377,488 during the year ended July 31, 2018 (July 31, 2017: provided $630,696). The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds; while a decrease in a liability (or an increase in an asset) account is a use of funds.

Cash provided by financing activities during the year ended July 31, 2018 was $35,919,091 (July 31, 2017: $nil). The Company raised $23,009,200 from a bought-deal private placement financing in November 2018, paying $1,583,415 in issue costs, including broker commissions. The Company also raised $15,757,216 from a bought-deal flow-through financing in June 2018, paying $1,178,880 in issue costs including broker commissions. The Company also paid $85,030 in equipment lease payments during the year ended July 31, 2018.

Cash used by investing activities during the year ended July 31, 2018 was $4,428,647 (July 31, 2017: $nil). The Company received cash of $138,308 acquired from the former Pitchblack. The Company paid $593,979 in property and equipment expenditures as the Company installed its camp and other infrastructure at site. At the exercise of the option with First Quantum, the Company was required to pay $3,972,976 as a reclamation deposit to the Quebec government as security against future estimated reclamation costs.

**NON-IFRS MEASURES**

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. In the gold mining industry, it is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at July 31, 2018 and 2017.

| | | July 31, 2018 | | July 31, 2017 |
|---|---|---|---|---|
| Current assets: | | | | |
| Cash and cash equivalents | $ | 20,236,630 | $ | - |
| Tax credit receivable | | 1,044,979 | | - |
| Amounts receivable | | 951,203 | | - |
| Prepaid expenses | | 464,219 | | - |
| | $ | 22,697,031 | $ | - |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | | 2,585,302 | | 819,593 |
| Current portion of reclamation provision | | 259,000 | | - |
| Current portion of equipment financing arrangements | | 211,431 | | - |
| | $ | 3,055,733 | $ | 819,593 |
| Working capital/(deficiency), current assets less current liabilities | $ | 19,641,298 | $ | (819,593) |

**CAPITAL RISK MANAGEMENT**

The Company manages and adjusts its capital structure based on available funds in order to support the exploration and development of mineral properties. The capital of the Company consists of share capital, share purchase warrants and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended July 31, 2018 and 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of July 31, 2018, the Company believes it is compliant with the policies of the TSXV.

**COMMITMENT AND CONTINGENCIES**

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $1,500,000 and additional contingent payments of approximately $5,800,000 upon the occurrence of a change of control. As a triggering effect for a change of control has not taken place, the contingent payments have not been reflected in these annual financial statements.

In April 2018, the Company entered into a finance lease to acquire a camp facility. The lease term is for 24 months, with monthly payments of $18,815, and an option to buy the camp facility at the end of the term.

The Troilus project is subject to a variable net smelter royalty of 1.5% or 2.5% depending on whether the price of gold is above or below US$1,250 per ounce, as well as an additional 1% royalty.

As a result of the Company's flow-through financings in June 2018, the Company is committed to incur $15,757,216 in qualifying resource expenditures. The Company will file its renunciation forms subsequent to December 31, 2018. As at July 31, 2018, the Company had incurred qualifying resource expenditures of $2,562,531, and is committed to incur a balance of $13,194,685 before December 31, 2019.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations

**RELATED PARTY DISCLOSURES**

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

*Related party balances*

The Company shares office space, resources and certain services with other companies that may have common directors and/or officers. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee of $20,000, which commenced January 1, 2018. 2227929 Ontario Inc. does not have any officers or directors in common with the Company; however, 2227929 Ontario Inc owns 11% of the Company's issued and outstanding shares.

Sulliden Mining Capital Inc. ("Sulliden") was the former shareholder of 250, and funded 250's operations prior to the closing of the transaction. The Company's CEO, Mr. Justin Reid, the Company's President, Mr. Paul Pint and the Company's Executive Director, Mr. Peter Tagliamonte, are former officers of Sulliden, having resigned subsequent to the closing of the transaction. Mr. Pierre Pettigrew, a director of the Company, is also a director of Sulliden. Mr. Bruce Humphrey, appointed a director of the Company subsequent to the end of the year, was also a member of the board of directors of Sulliden, having resigned from Sulliden's board of directors before his appointment to the Company's board. During the year end July 31, 2018, the Company was charged $55,521 for costs paid by Sulliden, on behalf of the Company, after the closing of the transaction.

*Compensation of key management personnel of the Company*
The remuneration of directors and other members of key management personnel were as follows:

| | Quarters ended July 31, | | Years ended July 31, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Management salaries and fees | $ 461,300 | $ - | $ 1,387,690 | $ - |
| Directors fees | 18,750 | - | 118,750 | - |
| Share-based payments | (965,802) | - | 2,131,783 | - |
| | $ (485,752) | $ - | $ 3,638,223 | $ - |

Directors and officers in office at the time of the November 2017 financing subscribed for 45,732 subscription receipts. As well, directors and officers subscribed for 134,000 shares of the June 2018 financing.

In accordance with IAS 24, key management personnel are those persons 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 executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

**FINANCIAL INSTRUMENTS**

The carrying value of cash, amounts receivable reclamation deposit, accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments. The carrying value of equipment financing arrangements approximates fair value due to the short amount of time that has passed since its inception.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the year ended July 31, 2018 and 2017.

Credit risk
The Company's credit risk is primarily attributable to cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable represent input tax credit refunds from government bodies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk
The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at July 31, 2018, the Company had current assets of $21,652,052 to settle current liabilities of $3,055,733. Approximately $2,170,000 of the Company's financial liabilities as at July 31, 2018 have contractual maturities of less than 30 days and are subject to normal trade terms.

| | | Payments due by period | | | |
|---|---|---|---|---|---|
| Liability | Total | < 1 year | 1 - 3 years | 4 - 5 years | > 5 years |
| Accounts payable and accrued liabilities | $ 2,585,302 | $ 2,585,302 | $ - | $ - | $ - |
| Equipment financing arrangements | 383,006 | 211,431 | 171,575 | - | - |
| Reclamation provision | 3,441,361 | 259,000 | 432,959 | 389,066 | 2,360,337 |

Market risk - Interest rate risk
The Company’s cash equivalents are subject to interest rate cash flow risk as they carry variable rates of interest. The Company’s interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash and cash equivalent balances on hand at July 31, 2018, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately $20,000.

**SUBSEQUENT EVENTS**

In September 2018, the Company appointed Mr. Bruce Humphrey to the Company’s board of directors. Mr. Humphrey brings over 45 years of experience as a mining engineer. He is a member of the Professional Engineers of Ontario, and serves as director of several public companies in the resource sector.

Also in September 2018, the Company granted 660,000 stock options to officers, directors, employees and consultants of the Company pursuant to the Company’s stock option plan. The options vest immediately and are exercisable at $1.20 per common share for a period of five years from the date of grant.

**OUTSTANDING SHARE DATA**

| Number of: | As at July 31, 2018 | As at October 10, 2018 |
|---|---|---|
| Common Shares | 48,737,222 | 48,737,222 |
| Options | 4,211,250 | 4,871,250 |
| Warrants | 14,030,000 | 14,030,000 |

**RISKS AND UNCERTAINTIES**

Nature of Mining, Mineral Exploration and Development Projects

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.

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

*Liquidity Concerns and Future Financings*

The Company will require capital and operating expenditures in connection with the exploration and development of its properties and for working capital purposes. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. The only sources of future funds presently available to Troilus are the sale of equity capital, the sale of existing investments (which may be illiquid), or offering an interest in its properties. There is no assurance that any funds will be available for operations. Failure to obtain additional financing on a timely basis could cause the Company to reduce, delay or terminate its proposed operations, with the possible loss of such operations and assets.

Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on acceptable 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.

Calculation of Mineral Resources

There is a degree of uncertainty attributable to the calculation and estimates of resources and the corresponding metal grades to be mined and recovered. Until resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral resources, grades and recoveries may affect the economic viability of the Company's operations.

No Mineral Reserves have been estimated at the Troilus Project

The Troilus Project is in the exploration stage and sufficient work has not been done to define a mineral reserve. There is no assurance given by the Company that continuing work on the property will lead to defining the mineralization with enough confidence and in sufficient quantities to report it as a mineral reserve.

Environmental, Health and Safety Risks

The Company's activities are subject to extensive 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 more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Exploration and mining operations involve risks of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. Significant risk of environmental contamination from present and past exploration or mining activities still exists for mining companies. The Troilus Project is a past producing mine subject to significant continuing reclamation liabilities and obligations. Troilus may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at the Troilus Project do not exist or that the Company will not be alleged to be responsible for historical liabilities at the Troilus Project.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Insurance

The Company's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of: the Company's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive regulatory approvals to transport their products, or costs, monetary losses and potential legal liability and adverse governmental action. Troilus may be subject to liability or sustain loss for certain risks and hazards against which they do not or cannot insure or which it may reasonably elect not to insure. This lack of insurance coverage could result in material economic harm to Troilus.

Metal Prices

Precious metal 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, national fiscal policies, monetary systems and political developments. The price of gold and silver has fluctuated widely in recent years. 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. Moreover, the ability of the Company to fund its activities and the valuation of investor companies will depend significantly upon the market price of precious metals.

Competition

The Company 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 obtain the capital necessary to fund the Company's 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 operations and business.

Properties May be Subject to Defects in Title

The Company has investigated its rights to exploit the Troilus Project and, to the best of its knowledge, its rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to its detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including aboriginal communities.

Some of the Company's mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to the Company mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. The Company has not determined which, if any, of the Company mineral claims is junior to a mineral claim held by a third party.

Although the Company is not aware of any existing title uncertainties with respect to the Troilus Project, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Limited Property Portfolio

At this time, the Company holds an interest in the Troilus Property. As a result, unless the Company acquires additional property interests, any adverse developments affecting this property could have a material adverse effect upon the Company and would materially and adversely affect the potential future mineral resource production, profitability, financial performance and results of operations of the Company.

Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Licences and Permits, Laws and Regulations

The Company's exploration and development activities (and those of investee companies) require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, exploration, development, production, transportation, 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 time-consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. The Company will be required to obtain additional licences and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties (or that its investee companies would also succeed).

Community Relations and License to Operate

The Company's relationship with the local communities and First Nations where it operates is critical to ensure the future success of its existing activities and the potential development and operation of its Troilus Project. Failure by the Company to maintain good relations with local communities and First Nations can result in adverse claims and difficulties for the Company. There is also an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. NGOs and civil society groups, some of which oppose resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances and the handling, transportation and storage of various waste, including hazardous waste. Adverse publicity generated by such NGOs and civil society groups or others related to the extractive industries generally, or the Company's operations specifically, could have a material adverse impact on the Company and its reputation. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, which could have a material adverse impact on the Company's business, results of operations and financial condition.

Key Personnel

The senior officers of the Company will be critical to its success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition, particularly in Quebec, for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, regulatory and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

Dependence on Outside Parties

The Company has relied upon consultants, geologists, engineers and others and intends to rely on these parties for exploration and development expertise. Substantial expenditures are required to construct mines, to establish mineral resources and reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract metal from ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly junior stage mining companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Significant Shareholder

As a result of the Transaction, Sulliden owns a significant percentage of the common shares of the Comapny and will be able to exercise significant influence over the affairs of the Company. Sulliden owns approximately 33.9% of the Common Shares as at the date of this report. As a result, Sulliden would be able to influence or control matters requiring approval by the Shareholders, including the election of directors and the approval of mergers, acquisitions, changes of control or other extraordinary transactions. They may also have interests that differ from other Shareholders and may vote in a way with which may be adverse to the interests of other Shareholders. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Company, could deprive the Shareholders of an opportunity to receive a premium for their Common Shares as part of a sale of the Company and might ultimately affect the market price of the Common Shares.

Conflicts of Interest

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Current Global Financial Condition

The Company will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Current financial and economic conditions globally have been subject to increased uncertainties. Access to financing has been negatively affected by these economic uncertainties. These factors may affect the ability of the Company to obtain equity and/or debt financing in the future and, if obtained, influence the terms available to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of the Company, shareholders may suffer dilution. Future borrowings by the Company or its subsidiaries may increase the level of financial and interest rate risk to the Company as the Company will be required to service future indebtedness.

No Revenues

To date, the Company has not recorded any revenues from operations nor has the Company commenced production on any property. There can be no assurance that the Company will always have sufficient capital resources to continue as a going concern, or that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company’s expenses and capital expenditures will increase as consultants, personnel and equipment associated with the exploration and possible development of its properties are advanced. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company’s properties will continue to require the commitment of substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

Public Company and other Regulatory Obligations

The Company is subject to evolving corporate governance and public disclosure regulations that have increased both the Company’s compliance costs and the risk of non-compliance, which could adversely affect the Company’s share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, applicable stock exchange(s), and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. For example, the Canadian government proclaimed into force the *Extractive Sector Transparency Measures Act* on June 1, 2015, which mandates the public disclosure of payments made by mining companies to all levels of domestic and foreign governments. The Company’s efforts to comply with increasing regulatory burden could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

## SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies can be found in Note 3 of its audited annual consolidated financial statements for the year end July 31, 2018.

Change in accounting policy – Exploration and evaluation expenditures

In order to enhance the relevance to the decision-making needs of users and improve comparability with our peers, the Company has voluntarily changed its accounting policy with respect to exploration properties and deferred exploration expenditures, consistent with the guidance provided in IFRS 6 – Exploration for and Evaluation of Mineral Resources and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The new accounting policy was adopted at the completion of the acquisition of 250 and has been applied retrospectively. In prior periods the Company's policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or become impaired. The Company elected to change this accounting policy to expense exploration expenditures as incurred, effective the date of the reverse acquisition, on a retrospective basis.

New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. There will be no material impact from the adoption of this standard.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not anticipate a material impact to its financial statements upon adoption of this standard.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement

("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company does not anticipate a material impact to its financial statements upon adoption of this standard.

IFRS 16 – Leases ('IFRS 16") replaces IAS 17, Leases ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is currently evaluating the impact of the adoption of IFRS 16.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's Financial Statements in conformity with 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, impact decisions as to when exploration and development costs should be capitalized or expensed, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

October 10, 2018