MacDonald Mines Exploration Ltd.

Management Discussion and Analysis ("MD&A")

Financial Statement Report Date – March 31, 2017

Date of this Report – May 29, 2017

GENERAL

The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of MacDonald Mines Exploration Ltd. ("the Company") for the year ended December 31, 2016, and December 31, 2015 and the notes thereto. The financial statements of the Company have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts within this report are expressed in Canadian dollars. **In addition to reviewing this report, readers are encouraged to read the Company's public information filings on Sedar at www.sedar.com.**

The Company's shares trade on the TSX Venture Exchange under the symbol "BMK". The Company is a reporting issuer in the Canadian provinces of Ontario, Alberta, British Columbia, New Brunswick, Nova Scotia, Newfoundland, Quebec and Saskatchewan.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

Readers are cautioned not to place undue reliance on forward looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties noted within this MD&A, actual events may differ materially from stated expectations.

This MD&A contains forward looking statements, including statements relating to going concern and capital raising and capital requirements, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. Factors that could cause such differences include: changes in world commodity markets, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mining industry, change in governments, changes to government mining another regulations as well as numerous other risk factors. Although the Company believes expectations reflected in its forward looking statements are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

NATURE OF ACTIVITIES

The Company is involved in the identification, acquisition and exploration of mineral properties with particular focus in Northern Ontario and Northern Quebec.

Acquisition of Mineral Properties

Holdsworth Property

On December 7, 2016, (the "Effective Date") the Company entered into an option purchase agreement with Noble Mineral Exploration Inc, (optionor) for 75% undivided interest of nineteen mineral claims covering approximately 304 hectares which together comprise the "Holdsworth Gold & Silver Project" (the "Mineral Properties") located in Corbiere and Esquega Townships in Norther Ontario.

In order to exercise the First Option and earn an initial 51% undivided interest, the Company is required to:

1. Issue 2,500,000 common shares (issued on January 12, 2017)
2. Issued 2,500,000 share purchase warrants (issued January 12, 2017)
3. Incur a minimum of $1,200,000 in exploration expenditures with an eighteen month period following the effective date.

On satisfaction of meeting the first option requirements and to earn and additional 24% undivided interest (representing an aggregate 75% undivided interest) in the Mineral Properties, the Company must make the following payments to the Optionor and incur the following Expenditures.

1. Incur a further $1,000,000 of Expenditures on or before the second anniversary of the date of the First Option is exercised and the Based Interest is earned; and
2. make a payment of CDN $100,000 to the Optionor on providing notice to the Optionor that the Company wishes to exercise the Second Option.

The agreement was amended in April 2017 whereby the Company will acquire the remaining 25% interest in the property as follows:

1. Issue an additional 5,500,000 Units of the Company with each unit comprising of one common share and one share purchase warrant. exercisable at $0.30 per share for a period of three years from date of issuance.

2. Grant Noble a 1.5% net smelter return royalty (the "NSR") on the Holdsworth Property (and any other properties acquired within a 2 mile radius of the Property). The Company will have the right to re-purchase one half of the NSR for $500,000 at any time.

3. Make a quarterly gold payment to Noble equal to 10% of the amount which is obtained by: (i) multiplying the production of gold from the Oxide Sands by the average gold price received during the quarter; and (ii) subtracting the sum of all deductions and any capital and operating costs being amortized over the life of the project, up to a maximum aggregate payment of 5,000 ounces of gold

Upon the issuance of shares and warrants to acquire the remaining interest as refer to above, the Company will own 100% of the Holdsworth Property. The subsequent amendment supersedes the previous option agreement, thereby eliminating any remaining terms from the original agreement.

Charlevoix - Silica Property

On November 22, 2016, (the "Effective Date") the Company entered into a purchase agreement with 9019-5504 Quebec Inc. to acquire a 100% interest in certain 6 mining claims located in the Province of Quebec known as the Charlevoix Silica Property. In consideration for the purchase of the mining claims, the Company issued 9,000,000 common shares on January 12, 2017 valued at $0.07 per share.

OVERALL PERFORMANCE

The net loss for the three months ended March 31, 2017 was $1,367,506 compared to a net income of $28,104 for the same period of the prior year.

For the comparative period, the income was mainly attributed to a sale of property ("Hornby Property") for $78,603 and a provision in expenses aggregating $40,000 for termination costs of the former CEO and former CFO.

Net comprehensive loss for the three months ended March 31, 2017 was $11,431 (March 31, 2016: $Nil). As at March 31, 2017, the Company had an accumulated deficit of $57,839,187 compared to $56,471,681 as at December 31, 2016.

MINERAL EXPLORATION ACTIVITIES

Wawa-Holdsworth

The company carried out three preliminary prospecting trips to the property in November and December 2016; during which preliminary mapping and structural measurements were taken, and several grab samples were collected for assay analysis.

In January 2017, the company commenced the first phase of its exploration program on the property. The program consists of detailed logging, sampling, and analysis of historic diamond drill core. MacDonald Mines has hired a geologist and core technician to complete this phase of the program. The program will entail, confirming the location of historic samples of the drill core, re-log the drill core and processes the drill core to MacDonald Mines' standards. The detailed logging, sampling, and analysis will utilise the 5,500 m of drill core that was previously drilled on the property in 2008 and stored indoors in an industrial lot near the town of Wawa, Ontario and will be processed at this location. Along with re-logging the drill core, the core will undergo further analysis by assaying the core that historically was un-sampled. In addition, further work will include re-assaying multiple sections of historically assayed core for comparison purposes and the collection of physical property of the core for future analysis using portable x-ray fluorescence analyzer (XRF), short-wave infra-red (SWIR) mineral analyser, and handheld magnetic susceptibility metre, along with the creation of a photographic database of the core. This analysis phase of work is currently underway.

Along with the detailed analysis of the historic drill core, MacDonald Mines hired the Haveman Brothers to cut a 62km grid, covering the entire property. ClearView Geophysics Inc. has been contracted to conduct a Horizontal Loop Electromagnetic (HLEM) geophysical survey on the property and Tundra Airborne has been contracted to conduct a high-resolution airborne geophysical survey, also covering the entire property. The geophysical surveys are scheduled to begin early June and the end of May, respectively.

Charlevoix Silica

During January 2017, MacDonald mines safely and successfully carried out a reconnaissance and prospecting program at the company's Charlevoix silica claims. The objective was to scout access routes and, if possible, collect samples of a high-purity quartzite unit that outcrops on the claims.

A team of two personnel (geologist and prospector), spent a total of four days prospecting the claims from January 13-16, 2017. The property was accessed from the east via Notre Dame des Monts road on snowmobiles, and from the west through Sitec's Silicium quartz mine-site. At the time of the visit the claims were covered in 1-3 meters of snow, and samples were obtained by digging down to outcrop. A total of 12 samples were collected, 7 of which were of the high-purity quartzite unit being targeted by the program, and several structural measurements and bedrock locations were recorded. The presence of the high-purity quartzite unit and its projected location on the claims was confirmed, and was traced for approximately 500 meters.

SELECTED HISTORICAL FINANCIAL DATA

The following tables set out financial performance highlights for the last eight quarters:

	First Quarter March 31, 2017	**Fourth Quarter December 31, 2016**	**Third Quarter September 30, 2016**	**Second Quarter June 30, 2016**
	$	$	$	$
Net income (loss) from operations	(1,366,217)	(291,230)	733,631	(35,549)
Income taxes	Nil	Nil	Nil	Nil
Future income taxes recovered	Nil	Nil	Nil	Nil
Net income (loss)	(1,366,217)	(291,230)	733,631	(35,549)
Net loss per share, basic	(0.02)	(0.01)	(0.00)	(0.00)
Comprehensive gain / (loss)	(11,431)	145,165	(152,751)	5,944
Cash flow (used in) / provided by operations	(625,269)	(36,338)	(5,852)	(18,942)
Cash & cash equivalents, end of period	757,356	604,464	10,106	15,958
Assets	1,091,473	1,103,674	634,578	46,375
Future tax liabilities	Nil	Nil	Nil	Nil

	First Quarter March 31, 2016	**Fourth Quarter December 31, 2015**	**Third Quarter September 30, 2015**	**Second Quarter June 30, 2015**
	$	$	$	$
Net loss from operations	28,104	(110,665)	(943,967)	(69,327)
Income taxes (expense) recovery	Nil	Nil	Nil	Nil
Future income taxes recovered	Nil	(35,447)	Nil	Nil
Net loss	28,104	(75,218)	(943,567)	(69,327)
Net loss per share, basic	(0.00)	(0.00)	(0.04)	(0.00)
Comprehensive (loss) / gain	Nil	(2,785)	(2,764)	3,445
Cash flow used in operations	3,881	(2,247)	10,840	(50,490)
Cash & cash equivalents, end of period	34,900	31,019	33,266	139,957
Assets	59,741	54,038	105,354	221,361
Future tax liabilities	Nil	Nil	Nil	Nil

Results of Operations for the three months ended March 31,, 2017 and 2016

	2017	2016	
Property acquisition costs	944,250		1.
Exploration and evaluation	200,014	-	1.
Professional fees	60,325	2,659	2.
Consulting fees	105,000	-	3.
General and administrative	33,771	6,095	4.
Shareholders communication	28,647	676	5.
Depreciation	6,341	1,069	
Investment loss	3,744	-	6.
Deferred premium on flow through shares	(17,758)	-	
Provision for severance	-	40,000	
Total expenses	**1,364,334**	**50,499**	
Net loss from operations	**(1,364,334)**	**(50,499)**	
Sale of properties		78,603	
Loss on sale of marketable securities	(3,172)	-	
Net income (loss) for the period	**(1,367,506)**	**(28,104)**	

Expenses
The Company was inactive during 2015 and 2016. Subsequent to the raising of capital in December 2016 and the addition of two mineral properties in January 2017, the Company became fully operational as an exploration company.

As a result, operating expenses were significantly higher when compared to the comparative period. The significant expenses incurred during the three months ended March 31, 2017 are as follows:

1. The Company has adopted the accounting policy of expensing all mineral costs and evaluation assets, the breakdown of which is as follows:

	Holdsworth	Charlevoix	Total
Shares and warrants issued for property	314,250	630,000	944,250
Salaries	16,857	5,618	22,475
Exploration expenditures	169,460	8,079	177,539
Total	500,567	643,697	1,144,264

2. Professional fees are for legal ($39,325) and accounting fees ($21,000)

3. Consulting fees are for advisory services in connection with private placement financings

4. General and administrative expenses are mainly filing fees. ($19,987).

5. Shareholders communications expenses relate to AGM and transfer agent fees.

6. The Company recognized an investment loss through its holdings from marketable securities as the share prices of these marketable securities are significant lower than its original amount by more than 20%.

LIQUIDITY AND FINANCIAL POSITION

For a further understanding of the movements in cash during the period, readers are encouraged to review the statements of cash flow within financial statements filed by the Company.

As at March 31		2017		2016
Cash provided (used) in operating activities	$	(625,269)	$	3,881

The Company had a working capital deficiency on March 31, 2017 totaling $564,967 compared to a working capital deficiency of $714,118 at December 31, 2016. Cash and cash equivalents totaled $757,356 on March 31, 2017 and $604,464 on December 31, 2016.

Between December 30, 2016 and January 20, 2017, the Company raised $818,580 in connection with the private placement of shares.

On March 6 and 7, 2017, the Company raised an additional $381,420 through a private placement of shares bringing the total funds raised to date from December 30, 2016 in the amount of $1,200,000.

As at March 31, 2017, the Company had no material off-balance sheet arrangements such as guaranteed contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that could trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY BALANCES

The following are the related party transactions for the three months ended March 31, 2017:

- The Company incurred $42,000 (2016: $3,000) in salaries and administrative accounting fees to a director and a senior officer. Quentin Yarie, CEO received $21,000 and Joseph Heng, CFO received $21,000 (2016: $3,000) respectively.
- The Company was charged $4,500 (2016: $Nil) in rent and other administrative services by a TSX-V listed company which is managed by common directors and senior officers of the Company.

As of March 31, 2017 the outstanding related party balances were:

(a) Included in accounts payable and accrued liabilities is $51,500 (2016: $47,000) related to rent payable to a company related by common management.

(b) The Company is indebted to a company related by common management in an amount of $50,000 in a form of a short-term loan. The loan is interest bearing at a rate of 5%, unsecured and due on demand. No amounts have been paid back as at March 31, 2017.

(c) The Company reached legal settlements with its former CEO and CFO, whereby a combined severance of $72,000 was awarded. This amount is included in accounts payable and accrued liabilities. The Company expensed these claims during the year ended December 31, 2016.

COMMITMENTS

As of January 1, 2017, the Company is committed to a sublease of office space with a company related by common management for a monthly rental of approximately $1,500 per month in addition to other incidentals. The sublease agreement is for a term of seven (7) years from January 1, 2017 to December 31, 2023.

Due to flow-through share private placements, the Company is required to spend and renounce $515,580 on Canadian Exploration Expenditures before December 31, 2017 and $199,000 before December 31, 2018.
Of these amounts $124,306 has been spent as at March 31, 2017.

DISCLOSURE OF OUTSTANDING SHARE INFORMATION

The following table sets forth information concerning the outstanding securities of the Company as at May 29, 2017:

Security Class	Number
Common Shares	59,838,594
Warrants	21,922,573
Options	3,834,500

SIGNIFICANT ACCOUNTING POLICIES

For further information about the accounting policies used by the Company, please refer to the Company's financial statements and notes thereto for the year ended December 31, 2016.

Basis of Presentation

The financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale, which have been measured at fair value. The financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant accounting judgments and estimates

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the period. On an ongoing basis, management evaluates its judgments and estimates by using its experience and other factors it believes to be reasonable. Actual results could differ from those estimates. The financial statements include estimates which are uncertain, the impacts of which are pervasive and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods if it affects both current and future periods. Significant estimates and judgments include, but are not limited to, the provision for tax and penalties related to flow-through expenditures previously renounced. The provision requires management to make judgements and estimates of the likelihood and amount of penalties to be paid.

Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Flow-through shares are a Canadian Income Tax incentive. Under the terms of the flow-through share agreements, the tax attributes of the related exploration expenditures are renounced by the Company to subscribers who purchase flow-through shares. Proceeds from the issuance of flow-through shares are allocated between the offering of shares and the sale of tax benefits. An allocation is made based on the difference between the quoted price of the existing shares and the amount that the investor paid for the shares. A liability is recognized for this difference. The liability is reduced and a reduction of the premium liability is recorded as other income as eligible expenditures are incurred and when it becomes the Company's intention to file the appropriate renunciation forms with Canadian tax authorities.

Share-based payment transactions

The Company has a stock option plan. All share-based awards granted, including those granted to directors not acting in their capacity as directors, are accounted for using the fair value based method. The fair value of stock options granted is recognized as an expense within the statements of comprehensive loss and a corresponding increase to reserves within the equity section of the statements of financial position. Any consideration paid by eligible participants on the exercise of stock options is credited to capital stock. The reserves amount associated with stock options is transferred to capital stock upon exercise.

FINANCIAL RISK FACTORS

The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

(a) Credit risk:

The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. The Company has no significant concentration of credit risk arising from financial instruments.

(b) Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company has a working capital deficiency of $564,967 (December 31, 2016: $714,118). The Company had a cash balance of $757,356 (December 31, 2016: $604,464) to settle current financial liabilities of $1,619,813 (December 31, 2016: $1,813,515). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except short-term debt.

(c) Market risk:

Market risk is made up of interest rate risk, price risk and equity price risk.

Interest rate risk: The Company has cash balances and non-interest bearing debt, except short-term loans. The Company's current policy is to invest excess cash and cash equivalents in short-term money market investments issued by highly rated entities. The Company monitors the investments it makes and is satisfied with the credit ratings.

Price Risk: The Company is indirectly exposed to this risk through the price of precious metals. The Company monitors commodity prices to determine the appropriate course of action to be taken with respect to its mineral properties.

Equity Price Risk: This is defined as the potential adverse impact on the Company's earnings due to movements in individual equity movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action.

(d) Sensitivity Analysis:

Based on management's knowledge and experience of the financial markets, the Company believes that it is "reasonably possible" for the Company's marketable securities to move plus or minus 50%. If this were to happen, comprehensive income (loss) would be affected by approximately $124,876.

(e) Fair Value:

The carrying amount of accounts receivable and prepayments, accounts payable and accrued liabilities and short-term debt approximates their fair value because of the short-term maturities of these items.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures as a whole. Based on their review, including a review of the compensating controls relating to the lack of segregation of duties noted above, they have concluded that the Company's internal controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective overall.

FLOW-THROUGH PROVISION

During the year ended December 31, 2015, the Company underwent an audit conducted by the Canada Revenue Agency ("CRA") for the calendar years 2010 to 2013. As a result of the audit, CRA has proposed an adjustment to the amount of qualifying expenditure that was renounced to the Subscribers aggregating approximately $2,500,000. In addition, CRA has assessed additional Part XII.6 tax of approximately $250,000 to the Company in connection with the shortfall and has been paid.

Included in accounts payable and accrued liabilities as at March 31, 2017 is a provision of $1,112,186 (December 31, 2016: $1,400,000) representing the maximum amount of tax and penalties related to the 2013 shortfall in flow through eligible exploration expenditures.

On February 14, 2017, the Company agreed to settle certain of its flow-through mining expenditure obligations relating to its obligation to indemnify certain subscribers in respect of tax and penalties payable in connection with the reassessment of such purchasers' tax returns, with the issuance of 200,000 Class A common shares at a deemed price of $0.0618 per Common Share to settle the aggregate amount of the Debt owed to such subscriber of $12,360.

On April 25, 2017, the Company entered into an agreement to settle $31,612 through the issuance of 154,206 common shares at a deemed price of $0.205 per share in connection with the above.

As at May 26, 2017, the Company has settled either in cash or in shares an aggregate amount of $72,267.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.