

HANSA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

This discussion and analysis of financial position and results of operation is prepared as at January 24, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended December 31, 2018 of Hansa Resources Limited ("Hansa" or "the Company"). The following disclosure and associated consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors.

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

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

Company Overview

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "HRL". The Company is a junior resource company engaged in the acquisition, exploration and development of unproven mineral interests. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

Since 2012 the Company had been conducting prospect generation activities. The Company had previously identified the Zhumba gold prospect (the "Zhumba Property"), which consisted of two claims located in the Kokepektinsky and Ulansky districts in eastern Kazakhstan. Over the years the Company worked to deal with all government agencies to obtain tenure to the Zhumba Property and, after extensive negotiations, in fiscal 2017 the Company was advised that the concession to the Zhumba Property had been granted. On June 23, 2017 the Company completed all conditions precedent and finalized the farm out of its 90% interest in the Zhumba Property to Kazzinc Limited ("Kazzinc"). As consideration the Company received payment of \$797,436. The Company will also receive a 1.9% net smelter return royalty on the 90% interest from production at the Zhumba Property. The Company's subsidiaries, Altynor Resources LLP and Altyn-Komir LLP have been maintained to retain the Company's net smelter royalty interest.

On February 1, 2018 the Company entered into a mineral property option agreement (the "Option Agreement") with Poseidon Offshore Minerals Inc. ("Poseidon"). Poseidon had applied for an offshore mineral reconnaissance license (the "License") to explore for gold, diamonds and heavy minerals on the continental shelf of Ghana. Pursuant to the Option Agreement, Poseidon granted to the Company an exclusive option to acquire 60% of Poseidon's direct and indirect interest in and to the License, which would represent a 54% interest in the License taking into account the interests of the Government of Ghana. The Company paid Poseidon \$136,070 (US \$100,000) (the "Option Advance"). During fiscal 2018 the Company made a deposit of \$131,680 (US \$100,000) (the "License Deposit") to the Government of Ghana, Minerals Commission in respect to the review process for the granting of the License. In

August 2018 the Company was informed of delays in the License process which impacted the Company's ability to conduct a financing. In October 2018 the Company received a refund of the License Deposit. As there is no time table for the granting of the License the Company determined to record a write-off of the Option Advance of \$136,070 in the fourth quarter of fiscal 2018.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed interim consolidated financial statements of the Company.

	Fiscal 2019		Fiscal 2018				Fiscal 2017	
	Dec. 31 2018 \$	Sep. 30 2018 \$	Jun. 30 2018 \$	Mar. 31 2018 \$	Dec. 31 2017 \$	Sep. 30 2017 \$	Jun. 30 2017 \$	Mar. 31 2017 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(65,195)	(79,928)	(145,511)	(80,837)	(92,850)	(68,690)	(298,260)	(72,030)
Other items	41,950	(10,107)	(120,538)	31,646	12,175	(41,377)	773,506	(6,207)
Net (loss) income	(23,245)	(90,035)	(266,049)	(49,191)	(80,675)	(110,067)	475,246	(78,237)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	0.00	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	576,583	470,378	558,183	814,760	869,033	949,708	1,059,775	720,599
Total assets	882,596	889,336	988,581	1,247,995	1,303,506	1,417,392	1,521,554	809,435
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2018 Compared to Three Months Ended September 30, 2018

During the three months ended December 31, 2018 ("Q2") the Company reported a net loss of \$23,245 compared to a net loss of \$90,035 during the three months ended September 30, 2018 ("Q1"). The \$66,790 decrease in loss is mainly attributed to:

- (a) during Q1 the Company incurred (i) corporate development fees of \$22,964 for various marketing campaigns; (ii) travel costs of \$5,216; and (iii) website costs of \$4,700. These costs were incurred due to increased activities regarding the anticipation of the granting of the License. During Q2 the Company did not incur any expenses for these items; and
- (b) a foreign exchange gain of \$37,647 during Q2 compared to a foreign exchange loss of \$13,549 during Q1.

The above increases were partially offset by audit fees of \$16,320 incurred during Q2. No audit services were conducted during Q1.

Six Months Ended December 31, 2018 Compared to Six Months Ended December 31, 2017

During the six months ended December 31, 2018 (the "2018 period") the Company reported a net loss of \$113,280, compared to a net loss of \$190,742 for the six months ended December 31, 2017 (the "2017 period"), a decrease in loss of \$77,462. The decrease in loss during the 2018 period is primarily attributed to (i) the recognition of a foreign exchange gain of \$24,068 in the 2018 period compared to a foreign exchange loss of \$34,453 in the 2017 period; and (ii) corporate development fees of \$22,964 (2017 - \$nil) incurred during the 2018 period.

The Company recorded a \$16,417 decrease in general and administrative expenses, from \$161,540 during the 2017 period to \$145,123 during the 2018 period. During the 2018 period the Company incurred:

- (i) \$16,629 for legal services compared to \$30,569 in the 2017 period. During the 2017 period significant services were incurred to complete the closing of the disposition of the Zhumba property and other legal costs. Legal expenses in the 2018 period were incurred for ongoing matters on the Zumba property and agreements relating to the License;

- (ii) corporate development fees of \$22,964 (2017 - \$nil) were incurred. During the first quarter of the 2018 period the Company engaged a number of consulting firms to provide corporate information on the Company through various marketing campaigns in anticipation of the granting of the License;
- (iii) website costs of \$4,700 compared to \$10,900 during the 2017 period. During the 2017 period there were additional fees for the set-up and development of the Company's website; and
- (iv) office and miscellaneous expenses of \$2,531 (2017 - \$12,057) were incurred. During the 2017 period the Company paid certain office and support fees in Kazakhstan for personnel attending to the finalization of the farm-out agreement of the Zhumba property to Kazzinc and maintenance of the subsidiary companies.

Financial Condition / Capital Resources

As at December 31, 2018 the Company had working capital of \$576,583 and considers that it will have sufficient financial resources to meet anticipated corporate administration costs for the next twelve months. The Company's operations have been funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

Contractual Commitments

The Company has no contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Principles

There are no changes in accounting policies other than the adoption of IFRS 9 - *Financial Instruments* ("IFRS 9").

Financial Instruments

Effective July 1, 2018, the Company adopted IFRS 9 - *Financial Instruments* ("IFRS 9") using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the June 30, 2018 and 2017 annual financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. The Company has determined that key management personnel consists of members of the Company's Board of Directors and Executive Officers.

- (a) During the 2018 and 2017 periods the Company incurred executive management compensation to key management personnel as follows:

	2018 \$	2017 \$
Mr. Nugent - President, CEO and Director	30,000	30,000
Mr. DeMare - CFO, Corporate Secretary and Director	6,000	6,000
Mr. Atkinson - Director	6,000	6,000
Mr. DiPasquale - Director	6,000	6,000
Mr. Siemens - Director	6,000	6,000
	<u>54,000</u>	<u>54,000</u>

As at December 31, 2018 \$57,005 (June 30, 2018 - \$27,005) remained unpaid.

- (b) During the 2018 period the Company incurred a total of \$9,100 (2017 - \$10,150) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and \$2,010 (2017 - \$2,010) for rent. As at December 31, 2018 \$3,200 (June 30, 2018 - \$3,335) remained unpaid.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value and unlimited preferred shares without par value. As at January 24, 2019, there were 57,413,317 outstanding common shares and 4,000,000 share options outstanding with an exercise price of \$0.05 per common share.