

# **HIGHBANK RESOURCES LTD.**

**FORM 51-102F1**

**Management's Discussion & Analysis  
for the 1st Quarter ended  
March 31, 2018**

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**Highbank Resources Ltd.**

**(the “Company”)**

**Form 51-102F1**

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for the 1st Quarter Ended March 31, 2018  
(and containing information as of May 30, 2018)**

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**(the “Company”)**

**FORM 51- 102F1**

**Management’s Discussion & Analysis for three months ended March 31, 2018**  
**(and containing information as of May 30, 2018 )**

**Item 1: INTERIM MD&A AND FORWARD-LOOKING STATEMENTS**

**Introduction**

Management’s Discussion and Analysis (“MD&A”) focuses on significant factors that affected Highbank Resources Ltd.’s (the “Company” or “Highbank”) performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the unaudited financial statements and accompanying notes for the quarter-ended March 31, 2018 as well as the comparative unaudited financial statements and the accompanying notes for the quarter-ended March 31, 2017; copies of which are filed on the SEDAR website: [www.sedar.com](http://www.sedar.com).

The Company reports its financial statements in accordance with International Financial Reporting Standards (“IFRS”). The Company’s financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company’s development and financial situation.

**Forward-Looking Statements**

This MD&A contains “forward-looking information” and “forward-looking statements” which include, but are not limited to, statements or information concerning the future financial or operating performance of Highbank Resources Ltd. and its business. Forward-looking statements are projections of events, revenues, income, future economic performance or management’s plan and objective for future operations, and include, without limitation, statements with respect to the anticipated production from the ***Swamp Point North Aggregate Project***. In some cases, you can identify forward-looking statements by the use of terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company’s business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; and government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions; fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompleteness of development or construction activities, any of which may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgments regarding the direction of Highbank Resources Ltd.’s business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements or conform these statements to actual results.

**Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources.** This discussion uses the terms “measured resources” and “indicated resources”. The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission do not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

## NATURE OF BUSINESS

Highbank Resources Ltd. was incorporated March 17, 1980 under the laws of the Province of British Columbia. The Company is listed on the TSX Venture Exchange as a Tier 2 mining exploration issuer, and is primarily engaged in the development of an aggregate resource property. The shares of the Company trade on the TSX-V under the symbol “HBK”.

### 1.1 DATE – May 30, 2018

The following discussion and analysis was approved by the Directors of the Company and should be read in conjunction with the audited Financial Statements for the twelve months ended December 31, 2017; and the audited Financial Statements for the twelve months ended December 31, 2016 and the accompanying notes thereto.

### 1.2 OVERALL PERFORMANCE AND DEVELOPMENT

#### **(i) Swamp Point North (“SPN”), Portland Canal, British Columbia**

The Company’s Swamp Point North aggregate property costs incurred in the period ended March 31, 2018 totaled \$114,162. Costs to date have been incurred totaling \$10,815,665 (including amortization) in acquiring plant buildings and equipment and mine under development expenditures for the project, and \$189,500 in reclamation bonds.

The Company earned its 100% Working Ownership Interest (the “WOI”) in 2008 by incurring \$150,000 in costs to acquire the Portland Canal Aggregates Corporation (“PCAC”) earn-in interest through the payment of advance royalties as required in the agreement, the issuance of 2,000,000 common treasury shares, and the completion of work program expenditures in excess of \$1,300,000.

**During 2005**, the Company commenced the first phase work program. Approximately 8,000 lbs. of sample material from test pits over 20 feet deep were extracted from the property and shipped to Levelton Consultants Ltd. (“Levelton”) of Richmond for testing. All testing was done in compliance with Canadian Standards Association (“CSA”) and American Society for Testing and Materials (“ASTM”) standards for the evaluation of construction aggregates. The Company then commissioned a 2024 line meters seismic refraction survey by Associated Mining Consultants (“AMCL”) of Calgary, Alberta. Preliminary results showed that granular materials appear at depth of up to 250 feet, which indicated considerable tonnage of sand and gravel.

**During 2006** the Company completed the following work:

- Site preparation and setup of a temporary Camp for crew accommodation and meals;
- Road building throughout the deposit and preparing sites for drill pads;
- Line cutting for seismic and other geophysics investigation;
- A 10 hole widely spaced (approx. 400 meter) Sonic Drilling program to bedrock;
- An additional 2900 meter Seismic Refraction Survey;
- Complete Airborne and Land property Survey;
- Temporary Docking facilities for float plane and other access; and
- Moving core to an off-site location and core-logging

Further testing confirmed the presence of high quality sand and gravel in approximate ratios of 51% sand and 49% gravel. Additional engineering studies were completed to crosscheck the volume calculations.

**Exploration and development work through 2007** consisted of the following:

The Company engaged Micon International to assist in the Environmental Impact Assessment. This study is a required component of the Development Permit Application for establishment of a commercial extraction operation

Associated Geosciences Ltd. (“AGL”) of Calgary, Alberta was commissioned by the Company and PCAC to prepare a NI 43-101 Technical Report on the property’s mineable sand, gravel, and aggregate resources and determine the optimal mine layout for preparation of a formal Mine Plan. G3 Consulting Ltd. conducted submarine investigation of the proposed load out site, water quality studies, fisheries studies and selected bathymetry. A remote sensing meteorological station and continuous hydrology recorders were installed on site to permit ongoing compilation of weather and surface water databases, and avian studies were conducted by Gartner Lee of Smithers, B.C., followed by wildlife and terrestrial ecosystem mapping.

The AGL resource estimate was determined from aggregate volumes estimated from depth-to bedrock measurements obtained from ten (10) cored boreholes and on the results from 4,664 metres of seismic refraction surveys undertaken by the Company in 2005 and 2006. Geophysicists from Associated Mining Consultants Ltd. of Calgary, Alberta conducted the geophysical surveys and geologists from AGL have examined the core and core logs obtained subsequently.

The geological modeling and aggregate resource estimation was completed by Susan O’Donnell, Geol.I.T., under the direction of Mr. Keith McCandlish, P.Geo., using the Gemcom-Surpac<sup>(TM)</sup> suite of geological modeling applications.

Eric Beresford, P.Eng., completed the mine planning, under the direction of Mr. Peter Cain, Ph.D., P.Eng., AGL’s Head of Mining Engineering. AGL has relied on aggregate testing results performed by Levelton Consultants of Richmond, B.C. in assessing the quality of the aggregates on the property. This testing was conducted on bulk samples collected by the Company and Portland Canal Aggregates Corporation (“PCAC”).

The Industrial Mineral Resource Estimate tables’ following provides resource volumes and tonnes for two separate areas, and a third summary table. The separate areas represent the License area held by PCAC and the area (the “extension area”) for which an Investigation Permit was issued by the BC government for PCAC:

| <b>License Area Resources</b>   |                           |                          |
|---------------------------------|---------------------------|--------------------------|
| <b><u>Classification</u></b>    | <b><u>Volume (m3)</u></b> | <b><u>Mass (t) *</u></b> |
| Measured                        | 13,618,365                | 29,551,852               |
| Indicated                       | <u>1,848,388</u>          | <u>4,011,002</u>         |
| <b>Measured and Indicated</b>   | <b><u>15,466,753</u></b>  | <b><u>33,562,854</u></b> |
| Inferred                        | 203,772                   | 442,185                  |
| <b>Extension Area Resources</b> |                           |                          |
| <b><u>Classification</u></b>    | <b><u>Volume (m3)</u></b> | <b><u>Mass(t)*</u></b>   |
| Measured                        | 15,384,804                | 33,385,025               |
| Indicated                       | <u>2,195,467</u>          | <u>4,764,164</u>         |
| <b>Measured and Indicated</b>   | <b><u>17,580,271</u></b>  | <b><u>38,149,189</u></b> |
| Inferred                        | 831,465                   | 1,804,279                |

| <b>Combined Area Resources</b> |                          |                          |
|--------------------------------|--------------------------|--------------------------|
| <b>Classification</b>          | <b>Volume (m3)</b>       | <b>Mass(t)*</b>          |
| Measured                       | 29,003,169               | 62,936,877               |
| Indicated                      | <u>4,043,855</u>         | <u>8,775,166</u>         |
| <b>Measured and Indicated</b>  | <b><u>33,047,024</u></b> | <b><u>71,712,043</u></b> |
| Inferred                       | 1,035,237                | 2,246,464                |

\* The specific gravity value of 2.17 used to convert volumes to tonnes is the value used by B.C. Government to assess extraction tonnages for royalty revenue purposes.

Material located within 250 m of a drill hole and complemented by geophysical data has been classified as measured, while material located outside the 250 m radius of a drill hole but still within 125 m of a geophysical data point has been classified as indicated. Inferred resources encompass all additional material located outside the optimum range to which the data can reasonably be projected, but within the limits of mining.

**The Technical Report summarizing the above information is available on SEDAR. A news release dated November 29, 2007 was disseminated containing the preceding information and was reviewed and approved by Mr. Keith McCandlish, P.Geo. of Associated Geosciences Ltd., the qualified person under NI 43-101, and by Mr. Peter Cain, Ph.D., P.Eng.**

On **March 27, 2008** the Company announced that it had completed its earn-in of a 100% Working Ownership Interest in the Swamp Point North—PCAC property.

### **2009 – 2013:**

In 2012 the Company worked with B.C. Gov't. Ministry of Mines and Lands Dept. to obtain the permits to allow site clearing, construction and commence commercial production of an initial 235,000 tonnes per year of aggregates.

**November 5, 2012** the Company announced the signing of a Cooperation Agreement (“CA”) with the Metlakatla First Nation and the Metlakatla Development Corporation in the development of the Swamp Point North Aggregate (“SPNA”) project and to provide the Metlakatla with the opportunity to participate in the economic benefits arising from the development of SPNA within their traditional territory. The general terms of the CA are further described in the news release and can be viewed on the Company website at [www.HighbankResources.com](http://www.HighbankResources.com) and on SEDAR.

**January 16, 2013** – Highbank Resources Ltd. and Portland Canal Aggregates Corporation announced receipt of acceptance of the Licence of Occupation (“LoO”) renewals for both the sand and gravel quarry area, and the barge loading foreshore tenures. The LoO includes acceptance of the Tenure over Crown Land and the Management Plan. The next step is acceptance of the Notice of Work (“NoW”) which will allow the Company to commence development and move toward production of the Swamp Point North aggregate deposit.

### **Archaeological Preliminary Field Reconnaissance (“PFR”)**

On **July 26, 2013** Kleanza Consulting Ltd. (“Kleanza”) of Terrace conducted an archaeological PFR of the Phase 1 development area of Highbank’s proposed Swamp Point North aggregate quarry development (the “Development Area”). Further details of the PFR can be reviewed in the news release as filed on SEDAR and the Company website.

The Kleanza report confirmed that “no archaeological materials, features or areas of archaeological potential were identified within the Development Area (“DA”). No further archaeological survey or monitoring work is recommended for the proposed DA, provided Highbank does not significantly amend the DA boundaries”. The letter report was provided to Highbank Resources Ltd., Metlakatla and Nisga’a First Nations, Archaeology Branch of the Ministry of Forestry, Land, and Natural Resource Operations, and the Ministry of Energy and Mines (“MEM”).

### **Mine and Management Plan**

DMT Geosciences Ltd. (formerly Associated GeoSciences), with the assistance of Mr. Eric Beresford, P.Eng. has now provided Highbank with a revised mine and management plan. The text and maps/drawings encompasses the scope of work discussed and addresses the concerns raised by MEM. Micon International Limited is reviewing and compiling all the data preparing the revised Notice of Work (“NoW”) application for re-submission. Megatech Engineering Ltd. of Surrey, B.C. provided Conceptual Engineering Drawings for our Swamp Point barge Load-out Facility.

**November 19, 2013** – The Company received approval that the application for the expanded tenure area of its Swamp Point North aggregate deposit from the Ministry of Forests, Lands, and Natural Resource Operations of B.C. The tenure area is now more than double and increases the Gravel/Quarry Licence of Occupation (“LoO”) area by an additional 123.19 hectares to a total 174.19 hectares.

### **2014 Summary:**

**March 19, 2014** - The Company received the Notice of Work (“NoW”) Permit approval and a ‘Reclamation Security Request’ for the Swamp Point North Aggregate Project’. Based on the information Highbank has provided as reviewed by the Ministry of Energy and Mines (“MEM”), and referral comments received from other government agencies and First Nations regarding the NoW and Reclamation Program application dated October 31, 2013, the MEM is ready to issue a new *Mines Act* Permit. The Company remitted the initial \$45,000 reclamation security deposit.

**March 24, 2014** - Cypress Forest Consultants Ltd. of Terrace, B.C. helicoptered to Swamp Point North site and compiled a merchantable timber assessment which was used to compile the Occupant Licence to Cut (“OLTC”) application to the Ministry of Forest, Lands and Natural Resource Operations (“FLNRO”).

**April 11, 2014** - The Company remitted the final payment totaling \$189,500 for the reclamation security deposit, as required prior to the Company initialing mobilization to the Swamp Point North project site.

**April 22, 2014** - The Company received written notice from Fisheries & Oceans Canada, that they have accepted our December 4, 2013, proposal to ‘Construct a barge loading facility, comprised of barge moorage, barge mooring dolphins and a pile supported aggregate conveyor, and barge landing ramp on Portland Canal’.

**May 26, 2014** - The Ministry of Forest, Lands and Nature Resource Operations completed its review of our application for an Occupant Licence to Cut and Remove Timber (“OLTC”) and issued the Licence.

**June - July, 2014** - The first tug and barge load of equipment and supplies departed from the Port of Prince Rupert travelling north to Swamp Point in June. In July a second barge load of equipment and supplies was delivered from the Port of Prince Rupert. Contractors worked on refurbishing the existing camp trailers, setting up the additional Atco trailer (containing dry room, showers, washrooms and laundry); rebuilding the service roadways from the foreshore to the camp and plant site; repairing and upgrading the crew boat landing dock; and other site clearing.

**July 24, 2014** - Further to the receipt of our '**Mines Act**' Permit dated **March 19, 2014** the Company submitted to the Ministry of Energy and Mines ("MEM") the various 'special conditions' and other pertinent permit approvals which are an integral part of the permit.

**August 20, 2014** - The Company finalized a contract with Foresight Innovations Ltd. ("Foresight") of Victoria, B.C. to drive the pilings and complete the infrastructure for the Company's barge load-out facility at Swamp Point North ("SPN"). The piling work for the barge load-out and conveyor system was completed in October. A total of 24 pilings have been installed with excellent penetration in compacted gravel to average depths of 55 -65 feet.

**September 4, 2014** - The Company received the Mines Act Permit which authorizes sand and gravel (aggregate) extraction activities as detailed in the NoW dated October 31, 2013.

**November 6, 2014** - The Company's crews moved the wash/screening plant and cone crusher to their final operational location on the SPN deposit.

### **2015 Summary:**

**April 14, 2015 - Another Major Milestone has been Reached.** Our director- Jim Place, P.Geo. was on the SPN site for the commissioning of the wash plant, cone crusher, jaw crusher and stacking conveyor systems. For further details of this milestone you can review the news release as filed on [www.SEDAR.com](http://www.SEDAR.com) or the Company website at [www.HighbankResources.com](http://www.HighbankResources.com) as well as links to the production video.

**May 4, 2015 - Highbank announced the delivery of its 1<sup>st</sup> shipment of aggregates to the Port of Prince Rupert ("Port").**

**May 5, 2015. Highbank announced the completion of a positive NI 43-101 Technical Report on a Preliminary Economic Assessment (the "PEA") of Highbank's Swamp Point North Aggregate Project.** Highlights of the PEA include a net present value of Cdn. \$24.3 million after tax, discounted at 8% p.a. The base case cash flows for years 1-3 from the PEA were summarized along with other details. For further information review the news release as filed on SEDAR or the Company website. The complete PEA can also be reviewed on SEDAR at [www.SEDAR.com](http://www.SEDAR.com)

**June - August, 2015.** Further site development continues, as well as the production and stockpiling of various sizes of construction aggregates in preparation for shipping. Discussions are underway with various Prince Rupert companies to facilitate stockpiling of aggregate to ensure continuity of supply for any major projects forthcoming.

### **2016 -2017 Summary:**

**March 2, 2017** – The Company announced that it has an arrangement with a Canadian aggregate marketing company ("AMC") that has agreed to provide marketing and customer service for the Swamp Point North ("SPN") project. Further details of the arrangement can be reviewed in the news release as filed on [www.SEDAR.com](http://www.SEDAR.com)

**March 22, 2017** – The Company announced it has received approvals from the Ministry of Forests, Lands and Natural Resources Operations ("FLNRO"), British Columbia to renew the current Licences of Occupation for the SPN properties and foreshore (load-out area). Renewals will be for an additional fifteen (15) years from March 5, 2017.

**December 15, 2017** – The Company announced that a bulk sample of approximately 750 tonnes of bank

run aggregate (pit-run) and quarried stone from SPN has been delivered to the Port of Prince Rupert. The material will undergo processing and product testing.

**(ii) Mace-Murvey, Ireland**

On May 15, 2008 (and amended June 24, 2008) the Company entered into a formal Property Option Agreement to acquire a 100% interest in the Murvey and Mace molybdenum (“Moly”) Prospecting Licenses (“Licenses”) located in the County of Galway, Republic of Ireland. Terms of the Agreement included the issuance of a total of 2.0 million common treasury shares in stages, with the first 500,000 shares at a deemed price of \$0.20 to be issued within five (5) days of TSX Venture Exchange (the “Exchange”) approval, and a total of \$250,000 in staged cash payments. Highbank had also agreed to expend up to \$500,000 in exploration and development expenditures on the Licenses, to be completed within one year of Exchange approval.

On July 19, 2012 the Company has agreed to transfer its 100% interest in the Ireland properties to MOAG Copper Gold Resources Ltd. (“MOAG”) and retains a 1% NSR, with a ½% buyback by MOAG for \$500,000.

On December 31, 2012 the Company resolved that impairment has occurred and the property interest has been written down to a nominal value of \$1.

**(iii) Highland Valley, British Columbia**

On **December 8, 2009**, the Company entered into a Property Option Agreement to acquire a 50% interest from MOAG Copper Gold Resources Ltd. (“MOAG”) in the Highland Valley Property, located in the Kamloops Mining Division of British Columbia (the “HV Property”). The HV Property is located about seven kilometers southeast of the Highmont mine, and four kilometers north of the former Craigmont mine. It has an area of 9400 hectares (36 square miles).

The terms of the agreement include the issuance of a total of 20 million common treasury shares of the Company, staged cash payments totaling \$250,000 (paid \$50,000), and expend up to \$1,000,000 in exploration and development within three years of Exchange approval. The 20 million common shares of the Company issued to MOAG will be subject to escrow restrictions imposed by the Exchange. The transaction with MOAG is a “related party transaction” under MI 61-101 and Exchange Policy 5.9, as Bradley L. Jones is a director of the Company and an insider of MOAG. See Section 1.9 (f) following for further details.

On **February 8, 2011** the Company announced that the TSX Venture Exchange approved the agreement with MOAG to acquire a 50% interest in the Highland Valley Property (the “HV Property”). On February 14, 2011 the Company announced the terms of the share issuances as per the terms of the agreement with MOAG re the HV Property option and the issuance of 20 million shares to MOAG subject to escrow restriction releases as follows:

| <u>Release Date</u> | <u>% of Total Escrow Securities to be Released</u> | <u>Total Number of Escrow Securities to be Released</u> |
|---------------------|----------------------------------------------------|---------------------------------------------------------|
| Feb.8/11            | 5%                                                 | 1,000,000 (released)                                    |
| Aug.8/11            | 5%                                                 | 1,000,000 (released)                                    |
| Feb.8/12            | 10%                                                | 2,000,000 (released)                                    |
| Aug.8/12            | 10%                                                | 2,000,000 (released)                                    |
| Feb.8/13            | 15%                                                | 3,000,000 (cancelled)                                   |
| Aug.8/13            | 15%                                                | 3,000,000 (cancelled)                                   |
| Feb.8/14            | <u>40%</u>                                         | <u>8,000,000 (cancelled)</u>                            |
| Total               | 100%                                               | 20,000,000                                              |

**On December 6, 2012** the Company terminated its option with MOAG to acquire an interest in the Highland Valley property.

**On December 11, 2012** the Company made application to the TSX Venture Exchange. Pursuant to the agreement dated December 9, 2009, and amendments following, an aggregate of 20,000,000 shares were subject to escrow release restrictions. To date, 6,000,000 shares had been released leaving 14,000,000 shares in escrow. The Company requested the remaining 14,000,000 escrow shares be returned to treasury.

**On December 31, 2012 the Company resolved that impairment has occurred and the property interest has been written down to a nominal value of \$1.**

**January 7, 2013** – The Company delivered a Direction to Return Shares to Treasury order to its transfer agent to cancel and return to treasury the 14,000,000 common shares issued to MOAG with respect to the Highland Valley agreement. On March 8, 2013 the Company again received a demand from MOAG for the return of the 14 million escrow shares. The Company believes that the option agreement on the Highland Valley property was validly terminated and the Company was within its rights to cancel the remaining escrow shares. The Company intends to defend its action in this matter. The Company received confirmation from its transfer agent that the 14 million escrow common shares have been cancelled and returned to treasury as a result of the termination of its option with MOAG.

**December 2, 2013** – The Company received a Notice of Civil Claim (the “Claim”) in the B.C. Supreme Court from MOAG claiming losses as a result of the Company cancelling the balance of 14 million treasury shares in escrow, general damages, and interest on those general damages. As stated previously, Highbank believes that the option agreement was validly terminated and that Highbank was within its rights to cancel the remaining escrow shares. Highbank intends to defend its action in this matter, and pursue every remedy available for what we believe to be a frivolous legal claim.

**On January 17, 2014** - the Company filed a Response to the Civil Claim received from MOAG.

**May - June 2014** - The hearing of the summary trial application filed by MOAG’s counsel and originally scheduled to be heard on June 3, 2014, has been adjourned at the request of counsel of MOAG. The hearing was adjourned, by consent, to June 25, 2014. Highbank filed a counterclaim against MOAG and its directors, Bradley L. Jones and Gary Brown; alleging breach of contract and fiduciary duties and seeks the return of the 6 million Highbank common shares released to MOAG; accounting for the profits from the sale of the 6 million shares, interest, costs of the action, and other damages.

**The summary trial application filed by MOAG’s counsel did not proceed on June 25, 2014 and has been postponed indefinitely. The Company is unable to determine the outcome at this time as the matter is still before the Courts.**

(iv) **Other**

**On November 26, 2013** the Company joined as an **Associate Member of the BC Stone, Sand and Gravel Association (“BCSSGA”)**.

**February 16, 2015.** As a result of a review by the British Columbia Securities Commission (“BCSC”) the Company advises investors that certain disclosures made in its news release of October 14, 2014, website, corporate presentations, investor relations information hand-outs provided at the VRIC and videos pertaining to the Swamp Point aggregate project (the “Project”) were not in accordance with National Instrument 43-101 regulations (“NI 43-101”) and the Company wishes to retract, restate, and clarify such disclosure. The Company:

- retracts statements and analyses regarding pre-tax profit, production economics, which could have been mistaken for a preliminary economic assessment (“PEA”) or as qualifying an initial mineral reserve estimate. The company clarifies that it has no PEA or mining study suitable for public disclosure;
- advises that while the Company has made the decision to put the Project into production, it is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability and there may exist increased uncertainty, economic, and technical risk of failure associated with such production decision;
- retracts the use of any reference to gross in-situ aggregate values of the Project, including the value of “\$2 billion” The Company clarifies that it has not done a pre-feasibility study necessary to qualify an initial reserve;
- clarifies the disclosure of its resource in the Project as previously detailed in the preceding section 1.2 (i) Swamp Point North, Portland Canal, British Columbia

The B.C. Ministry of Energy & Mines- Mines & Mineral Resources Division have approved the extraction of up to one million tonnes of aggregate, the associated mine plan and environmental requirements pertaining to the operation. Since the operation is in Canada there are no conceivable political risks associated with the operation. Also with the First Nations agreements in place, no socio-economic difficulties are anticipated.

An established engineering company has been retained to complete a preliminary economic assessment, the findings of which will be posted on SEDAR and public announcements made disclosing the report contents as required. The Company further wishes to clarify that all non-compliant information has been either removed or will be rectified.

The disclosure of the technical information contained in this news release has been reviewed and approved by Peter Cain, Ph.D., P.Eng., who is a Qualified Person as defined under NI 43-101.

**July 17, 2017** -Highbank held its Annual General Meeting (“AGM”). At the meeting the shareholders re-elected James H. Place, Gary Musil, Victor N. Bryant, Luard J. Manning, William J. Loucks, and Ivan Scott for the upcoming year. The scrutineer reported that there were a total of 15 shareholders holding 8,092,794 common shares represented in person or by proxy at the meeting. This represents 6.21% of the total 130,306,621 shares issued and outstanding at record date.

On a show of hands, the Chairman declared that the shareholders ratified the election of directors for all nominees listed to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed. All Directors received 8,078,744 (99.83%) votes for their re-election.

Shareholders approved, subject to acceptance by the TSX Venture Exchange, the Company’s Incentive Stock Option Plan. Shareholders also approved the re-appointment of Crowe MacKay LLP, Chartered Accountants as auditors for the ensuing year, and authorized the Directors to fix their remuneration.

Other resolutions submitted by management to shareholders for consideration were approved as presented; including the ratifying of the Company’s Advance Notice Policy (“ANP”) as attached to the Information Circular as Schedule “C”. In order for the ANP to remain in effect, the ANP must be ratified, confirmed and approved at each subsequent annual general meeting.

At the Directors Meeting following; the directors appointed James H. Place as President/Chief Executive Officer, and Gary Musil as Corporate Secretary/Chief Financial Officer. The Audit Committee

appointees are: Gary Musil, William (Bill) J. Loucks, and Ivan Scott.

**August 9, 2017** – The TSX Venture Exchange has accepted for filing the Company’s Annual Stock Option Plan which was presented and approved by the shareholders at the AGM held on July 17, 2017.

**November 22, 2017** – The Company announced it has been assigned a Legal Entity Identified (“LEI”) number. The European Union has adopted regulations that require use of the LEI as a barcode equivalent aimed at pinpointing systemic risks. For further details about the LEI, review our news release as filed on SEDAR.

**See Subsequent Events following Section 1.14 –C (i)**

### 1.3 SELECTED ANNUAL INFORMATION

|    |                                                        | <b>Year-Ended<br/>Dec. 31, 2017</b> | <b>Year-Ended<br/>Dec.31, 2016</b> | <b>Year-Ended<br/>Dec. 31, 2015</b> |
|----|--------------------------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| a. | Net Sales or Total Revenues                            | <b>\$Nil</b>                        | <b>\$Nil</b>                       | \$Nil                               |
| b. | Income or (Loss) before Other Items <sup>(i)</sup>     | <b>(\$394,534)</b>                  | <b>(\$437,591)</b>                 | (\$850,738)                         |
| c. | Net and Comprehensive Income or (Loss) <sup>(ii)</sup> | <b>(\$970,882)</b>                  | <b>(\$1,123,514)</b>               | (\$1,453,920)                       |
| d. | Net Income or (Loss) per fully diluted share basis     | <b>(\$0.01)</b>                     | <b>(\$0.01)</b>                    | (\$0.01)                            |
| e. | Total Assets                                           | <b>\$11,181,183</b>                 | <b>\$10,689,924</b>                | \$10,499,281                        |
| f. | Total long-term financial Liabilities                  | <b>\$3,267,410</b>                  | <b>\$94,750</b>                    | \$4,595,134                         |
| g. | Cash dividends declared per share                      | <b>\$Nil</b>                        | <b>\$Nil</b>                       | \$Nil                               |

i. Items accounted for at year-end now included in (Losses) before Other Items are:

- **In 2017 recorded stock-based compensation expense of \$84,774 (a non-cash item); and loan bonus shares expense of \$26,690.**

- In 2016 recorded stock-based compensation expense of \$65,939 (a non-cash item);

- In 2015 recorded stock-based compensation expense of \$104,574 (a non-cash item); Travel & Promotion expenses of \$232,236; Environmental remediation accrued expense of \$185,404

ii Items accounted for at year-end included in (Loss) as Other Items are:

- **In 2017 recorded a gain on debt settlement of \$37,000; interest on Convertible Debentures, Promissory Notes, and Production Loans of \$913,348, and deferred income tax recovery of \$300,000.**

- In 2016 recorded a gain on debt settlement of \$105,180; interest on Convertible Debentures, Promissory Notes, and Production loans of \$791,569 and gain of \$466.

- In 2015 recorded Interest on Convertible Debentures, Promissory Notes, and Production loans of \$603,182.

### 1.4 DISCUSSION OF OPERATIONS UP TO AND INCLUDING THE 1<sup>st</sup> QUARTER ENDED MARCH 31, 2018

The Company reports its financial statements in accordance with International Financial Reporting Standards (“IFRS”). The Company’s MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company’s development and financial situation. A significant part of the Company’s value is in Resource Property Interests relating to the Swamp Point aggregate project.

The Company’s Swamp Point aggregate project is currently not in production.

#### **Material Expenditures:**

For the three months ended March 31, 2018, the Company reported in its Statement of Comprehensive Loss

and net comprehensive loss including other items of (\$433,689) compared to a net comprehensive loss of (\$243,577) for the three months ended March 31, 2017. Total Operating Expenses before Other Items increased by \$64,318 (71.53%) for the three months ended March 31, 2018 compared to the three months ended March 31, 2017.

**Increases** in the year: Interest and bank charges \$46,675 in 2018 (\$8,121 in 2017). Loan bonus shares were \$43,000 in 2018 (\$12,690 in 2017) as a result of the bonus shares issued for the promissory note/loans in February and March 2018. Management Fees with Wages & Salaries \$37,500 in 2018 (\$37,157 in 2017) slightly increased. Regulatory and transfer agent fees of \$8,636 in 2018 (\$7,884 in 2017) increased as a result of filing fees and additional share issuances. Travel, Promotion/Shareholder Information combined increased slightly to \$1,325 in 2018 (\$1,187). The Company has not exhibited since 2016. Other Items: The Company recorded interest on promissory notes and convertible debentures of \$279,457 in 2017 (\$190,663 in 2017), an increase resulting from full accretion of the production loan in fiscal 2016 and accretion of new convertible debenture in 2017; additional \$615,500 promissory notes received in 2017, and \$60,000 received in March 2018.

**Decreases** were recorded in: Office Supplies and expenses combined with Rent \$9,278 in 2018 (\$10,628 in 2017) was also a marginal decrease. Professional fees of \$7,767 (\$12,185 in 2017) decreased as a result of less legal activity. Other items: The Company recognized a Gain on Debt Settlement of \$Nil in 2018 (\$37,000 in 2017) arising from the fair market valuation of the shares issued.

## 1.5 SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters:

| For the Quarterly Periods<br>Ending on | March 31,<br>2018     | December 31,<br>2017 | September 30,<br>2017 | June 30,<br>2017 |
|----------------------------------------|-----------------------|----------------------|-----------------------|------------------|
| Total Revenues                         | \$Nil                 | \$Nil                | \$Nil                 | \$Nil            |
| Net Loss before Other Items            | (\$154,232)           | (\$74,495)           | (\$67,571)            | (\$162,554)      |
| Total Comprehensive Net Loss           | *( <b>\$433,689</b> ) | **(\$204,737)        | ***(\$252,095)        | ****(\$270,473)  |
| Basic and diluted loss per share       | (\$0.00)              | (\$0.00)             | (\$0.00)              | (\$0.00)         |

| For the Quarterly Periods<br>Ending on | March 31,<br>2017     | December 31,<br>2016 | September 30,<br>2016 | June 30,<br>2016 |
|----------------------------------------|-----------------------|----------------------|-----------------------|------------------|
| Total Revenues                         | \$Nil                 | \$Nil                | \$Nil                 | \$Nil            |
| Net Loss before Other Items            | (\$89,914)            | (\$105,692)          | (\$81,121)            | (\$116,749)      |
| Total Comprehensive Net Loss           | *( <b>\$243,577</b> ) | **(\$302,599)        | ***(\$246,771)        | ****(\$222,156)  |
| Basic and diluted loss per share       | (\$0.00)              | (\$0.00)             | (\$0.00)              | (\$0.00)         |

\*March 31, 2018 quarter compared to March 31, 2017 the major increases were in interest and bank charges of \$46,675 and interest on promissory notes and convertible debenture of \$279,457.

\*\*December 31, 2017 quarter compared to December 31, 2016 the major decreases were in promissory note and debenture interest of \$430,242 (\$185,339 in 2016) and in gain on debt settlement of \$nil (\$105,180 in 2016) –a non cash item.

\*\*\*September 30, 2017 quarter compared to September 30, 2016 the major increases were in Share based payments of \$8,393 (\$2,569 in 2016). The major decreases were in interest and bank charges \$1,277 (\$9,072 in 2016), regulatory and transfer agent fees of \$5,295 (\$9,215 in 2016), and travel and promotion of \$2,182 (\$6,203 in 2016).

\*\*\*\*June 30, 2017 quarter compared to June 30, 2016 the major increases were in stock based payments (\$76,381 in 2017; \$60,802 in 2016), loan bonus shares (\$26,690 in 2017; \$nil in 2016) and the gain on debt settlement (\$37,000 in 2017; \$nil in 2016). The major decrease was in promissory notes and debenture interest (\$298,582 in 2017; \$440,581 in 2016).

## 1.6 LIQUIDITY:

At December 31, 2017 the Company has a working capital deficiency of \$3,511,034. At March 31, 2018, the Company had a working capital deficiency of \$3,837,320.

The Company is investigating other financing avenues and expects to increase working capital to continue administrative operations and to complete preparations for production development work on its Swamp Point North project. A portion of the current liabilities (\$422,121) is due to related parties.

## 1.7 CAPITAL RESOURCES:

The Company's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company obtains financing by the issuance of share capital or from the disposition of its mineral prospects. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing in the near future may result in the delay of further development of the Swamp Point aggregate project.

### (a) During the 1<sup>st</sup> Quarter ended March 31, 2018 the Company completed the following:

- (i) February 21, 2018 –The Company arranged \$370,000 in loans from five non-related parties to cover costs of the 750 tonne bulk aggregate production sample, Swamp Point North (“SPN”) site security and maintenance expenses for November 2017 to April 2018, and administrative costs. The loans bear interest at 1.5% per month. In consideration for the loans, the Company agreed to issue 1,480,000 bonus common shares, at a deemed price of \$0.05 per share.
- (ii) February 28, 2018 – The TSX Venture Exchange accepted for filing the above mentioned Loan/Bonus shares transaction. The Company issued 1,480,000 bonus common shares. The shares are restricted from trading until June 29, 2018.
- (iii) March 14, 2018 – Further to the Company news release of February 21, 2018, the Company arranged an additional \$60,000 loan to cover costs of the previously announced 750 tonne bulk aggregate production samples and other costs. Terms of the additional loan are as detailed on February 21, 2018.
- (iv) March 20, 2018 – The TSX Venture Exchange accepted for filing the additional Loan/Bonus shares transaction. The Company issued an additional 240,000 bonus common shares. The shares are restricted from trading until July 21, 2018.

### Commitments

- (i) The Company has no further commitments for capital expenditures (including exploration and development) on the Swamp Point aggregate project. It has earned its 100% Working Ownership Interest in the project, and continues to develop the project at its own pace.

## 1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no long-term debt other than the convertible debentures, does not have any used lines of credit or other arrangements in place to borrow funds, and has no undisclosed off-Balance Sheet Arrangements.

## 1.9 TRANSACTIONS BETWEEN RELATED PARTIES

- a. Management fees of **\$22,500** were incurred with a company controlled by the President of the Company, (2017 – 22,500).

**November 1, 2015 – The Company entered into a Management Agreement with Geomorph Consulting (Jim Place). Details of the agreement include the following:**

On November 1, 2015 the Company entered into a Management Agreement (the “Agreement”) with Geomorph Consulting, and James Place (the “Consultant”) whereby the Company has agreed to pay a monthly fee of \$7,500 per month, plus applicable taxes (the “Fees”) with a term of twenty-four months. The Company will also reimburse the Consultant for all reasonable business, travel, hotel, entertainment and other out-of-pocket expenses which are incurred by the Consultant in the provision of his services. A termination clause has been included whereby the Consultant is entitled to the following fees resulting from change of control or termination by the Company:

- (i) 3 times the Fee if the Consultant is terminated within the first six months of this agreement;
- (ii) 5 times the Fee if the Consultant is terminated within six months and one day to one year of this agreement;
- (iii) 10 times the Fee if the Consultant is terminated from one year thereafter of this agreement.

“Change of Control” means any event, including an amalgamation, merger or consolidation that causes:

- (i) A third party to own or control, directly or indirectly, 50% or more of the voting shares of the Company;
- (ii) A third party to own or control, directly or indirectly, sufficient voting shares in the Company to elect a majority of the directors of the Company;
- (iii) An assignment, sale, or transfer by the Company of all or substantially all of the Company’s business to a third party or to an affiliate or a wholly owned subsidiary; or
- (iv) An assignment, sale, or transfer by the Company of all or substantially all of the Company’s assets to a third party or to an affiliate or a wholly owned subsidiary.

Further details of the agreement can be reviewed on [www.SEDAR.com](http://www.SEDAR.com) under Highbank Resources Ltd. filings.

An amount of \$205,425 (incl. GST) remained outstanding as at March 31, 2018 to Geomorph Consulting.

**November 1, 2017 – The Management Agreement with Geomorph expired on November 1, 2017. The Agreement was renewed in accordance with the clause which stated that the Agreement shall be automatically renewed for a consecutive twenty-four (24) month term, subject to termination in accordance with this Agreement.**

- b. Office, Accounting Service Salaries and benefits totaling **\$15,000** (2017 - \$15,000) were incurred with the Chief Financial Officer (the “CFO”).

**On June 1, 2014 the Company amended the Office Services Agreement with the CFO for a term**

**of 24 months.** Thereafter, this agreement shall be automatically renewed for consecutive twenty-four (24) month terms, subject only to termination in accordance with the Agreement. In addition to the CFO's salary of \$5,000 per month (the "Fee"), the CFO shall be entitled to the following benefits:

- (i) Parking – The Company shall provide monthly paid parking for the CFO if requested.
- (ii) Dental & Extended Health – 100% of the premiums shall be paid by the Company.
- (iii) Annual Vacation – Six (6) weeks paid vacation, to be taken at the discretion of the CFO.
- (iv) Statutory Holidays – To be paid as defined in the Employment Standards Act (British Columbia).

A Termination clause was included as follows:

The Company may terminate the Agreement at any time by giving the CFO written notice of such termination. In the event of termination of the Agreement by the Company for any reason other than a termination under 'Termination for Default', the Company shall pay the CFO an amount that is 14 times the Fee (the "Termination Payment"), within 15 business days of the day that one party gives notice of termination of the Agreement to the other, or the day on which the CFO deceases, as applicable; including other general terms.

An amount of \$150,000 remained outstanding as at March 31, 2018 to the Chief Financial Officer for salaries and expenses.

- c. Rent totaling **\$7,050** (2017 - \$7,050); Office Services of **\$1,740** (2017 - \$1,740) were incurred with a corporation related by common Directors.
- d. The following amount are due to related parties:
  - (i) Directors of the Company \$173,625 at March 31, 2018 (\$97,760 at March 31, 2017)
  - (ii) Companies with common officer and directors \$43,071 at March 31, 2018 (\$187,730 at March 31, 2017)
  - (iii) Companies owned by an Officer/Director of Company \$205,425 at March 31, 2018 (\$118,800 at March 31, 2017)
- e. The following amounts are due from related parties:
  - (i) Companies with common directors \$2,180 at March 31, 2018 (\$1,946 at March 31, 2017)

The transactions above have been in the normal course of operations and, in management's opinion, undertaken under similar terms and conditions as transactions with unrelated parties.

## **1.10 PROPOSED TRANSACTIONS/COMMITMENTS**

N/A

## **1.11 CRITICAL ACCOUNTING ESTIMATES**

Our financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS") and form the basis for discussion and analysis of critical accounting policies and estimates. Management is required to make estimates and assumptions that affect the report amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant financial statement areas requiring the use of management estimates relate to the determination of impairment of assets and their useful lives for amortization, the fair value of financial instruments and share-based compensation,

provision for restoration, and the recoverability of future income tax assets. Financial results as determined by actual events could differ materially from those estimates.

Risk management:

The Company's mineral property holdings and exploration activities create potential exposure to environmental liabilities, including site reclamation. The Company is currently entering the development stage of its main Canadian property interest and has accrued \$94,750 as initial site reclamation costs. The Company records liability for site reclamation when determinable on a systematic accrual basis in the period in which such costs can be reasonably determined.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. Due to current economic conditions in capital markets the Company has a high risk associated with liquidity.

Share-based payment:

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

## **1.12 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2018 reporting period. The Company is assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 15- Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18- Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard was adopted January 1, 2018 and is not expected to affect the financial statements.

IFRS 9- Financial Instruments is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The standard is effective January 1, 2018 and is not expected to affect the financial statements.

Amendments to IFRS 2 Share-based Payment - These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in

its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective January 1, 2018 and is not expected to affect the financial statements.

IFRS 16 Leases - IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

### 1.13 FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivables, accounts payables and accrued liabilities, promissory notes, convertible debentures, production loans, and due to and from related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments, except the convertible debentures, approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

### 1.14 OTHER MD&A REQUIREMENTS

Additional Information related to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com) as well as the Company's website [www.highbankresources.com](http://www.highbankresources.com).

Effective **March 19, 2014** the Company's registered and records office and solicitor has moved to Suite 1780, 400 Burrard Street, Vancouver, B. C. V6C 3A6

#### A. Authorized and Issued Share Capital as at May 30, 2018

Authorized unlimited common shares without par value.  
Issued and outstanding: **132,026,621** common shares.

#### B. Options, Warrants & Convertible Securities Outstanding as at May 30, 2018

The following options, warrants, and convertible securities were outstanding as at May 30, 2018:

| Options          |                |                   |
|------------------|----------------|-------------------|
| Number           | Exercise Price | Expiry Date       |
| 250,000          | 0.10           | August 27, 2018   |
| 200,000          | 0.10           | April 26, 2019    |
| 100,000          | 0.10           | May 10, 2019      |
| 100,000          | 0.25           | July 24, 2019     |
| 500,000          | 0.22           | August 11, 2019   |
| 3,500,000        | 0.05           | June 8, 2020      |
| 600,000          | 0.05           | July 24, 2020     |
| 400,000          | 0.10           | November 1, 2020  |
| 250,000          | 0.10           | December 23, 2020 |
| 800,000          | 0.10           | February 16, 2021 |
| <b>6,700,000</b> |                |                   |

| <b>Warrants</b>  |                       |                    |
|------------------|-----------------------|--------------------|
| <b>Number</b>    | <b>Exercise Price</b> | <b>Expiry Date</b> |
| 1,824,000        | \$0.15                | June 14, 2018      |
| 600,000          | \$0.15                | July 11, 2018      |
| 1,541,000        | \$0.15                | September 20, 2018 |
| <b>3,965,000</b> |                       |                    |

| <b>Convertible Debentures</b> |                       |                    |
|-------------------------------|-----------------------|--------------------|
| <b>Amount</b>                 | <b>Exercise Price</b> | <b>Expiry Date</b> |
| \$ 2,700,000                  | \$0.10                | April 7, 2019      |
| 1,300,000                     | \$0.07                | August 7, 2018     |
|                               | \$0.10                | August 7, 2019     |
| <b>\$ 4,000,000</b>           |                       |                    |

#### **C. Subsequent Events following March 31, 2018 to May 30, 2018**

- (i) **May 1, 2018 – Mr. Ivan M. Scott tendered his resignation as a Director effective immediately, due to personal reasons.**

#### **D. Evaluation of Disclosure Controls and Procedures**

An internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company operates with a small executive board and internal staff. Accordingly, lack of segregation of duties is an identified internal control weakness. There have been no significant changes in the company's system of internal financial controls over the past year.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109.

#### **Note to Reader**

In particular, the certifying officers are not making any representations relating to the establishment and maintenance of controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**E. Corporate Governance Disclosures**

The Company has submitted to its members and shareholders details in the Information Circular dated **June 12, 2017** the Corporate Governance Disclosure guidelines that have been presented to the Board of Directors for periodic review. Some of these guidelines are: Outlining the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Management of the Company periodically updates directors with regulatory policy changes. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. The Company's Information Circular can be reviewed on [www.Sedar.com](http://www.Sedar.com)

**F. Risks and Uncertainties**

The Company's principal activity is aggregate mine exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic.

The Company has no producing properties, no significant source of operating cash flow and consequently no sales or revenue from operations. The Company has limited financial resources. However, substantial expenditures were made in the year-ended December 31, 2014 in order to advance the Swamp Point project to a production stage. The Company advises that while it has made the decision to put the Swamp Point project into production, the Company is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability. There exists an increased economic and technical risk of failure associated with such a production decision.

Other property interest, in which the Company has a net smelter return, is in the exploration stages only, is without and may not result in any discoveries of commercial mineralization, and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines, the result being the Company will be forced to look for other exploration projects.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.

# HIGHBANK RESOURCES LTD.

## CORPORATE DATA

### HEAD OFFICE

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### Directors and Officers

James H. Place, P.Geo., CEO/President, Director  
Gary Musil, CFO, Secretary/Director  
Victor N. Bryant, I.Eng, MAusIMM, Chairman  
of the Board, Director  
Luard J. Manning, P. Eng. (Mining), Director  
William (Bill) J. Loucks, CPA, CA, CFP,  
Director

### Registrar and Transfer Agent

AST Trust Company (Canada) - formerly  
CST Trust Company  
Suite 1600, 1066 West Hastings Street  
Vancouver, B.C.,  
V6E 3X1

### Solicitors

Fang & Associates  
Barristers & Solicitors  
Suite 1780, 400 Burrard Street  
Vancouver, B.C. V6C 3A6

### Auditors

Crowe MacKay LLP  
Chartered Professional Accountants  
Suite 1100 - 1177 West Hastings Street  
Vancouver, B.C. V6E 4T5

### Listing

TSX Venture Exchange  
Symbol: **HBK**  
Frankfurt Stock Exchange  
Symbol: **V7O**

### Share Capitalization (March 31, 2018)

Authorized: Unlimited  
Issued & Outstanding: **132,026,621**