



# **GOLDEN DAWN MINERALS INC.**

**Management Discussion and Analysis  
For the six months ended  
May 31, 2018**

## **INTRODUCTION**

This management discussion and analysis of financial condition and results of operations (the "MD&A") for Golden Dawn Minerals Inc. ("GOM" or the "Company") is prepared as of July 19, 2018 and is intended to assist in the understanding and assessment of trends and significant changes in the results of operations and financial condition of the Company. The information herein should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six months ended May 31, 2018 and in conjunction with the audited consolidated financial statements for the year ended November 30, 2017, which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek," "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "predict," "potential," "targeting," "intend," "could," "might," "should," "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained in this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report.

## **COMPANY OVERVIEW**

The Company is a resource exploration company engaged in the acquisition, exploration and development of mineral properties. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange as a Tier II issuer, under the symbol "GOM" and on the Frankfurt Exchange under the symbol "3G8N" and on the Frankfurt XETRA ELECTRONIC SYSTEM. The XETRA SYSTEM is accessible globally thus exposing the Company's equities to a global audience of private and institutional investors. As at May 31, 2018, the Company holds interests in resource properties in British Columbia and intends to further develop its Greenwood project in the province.

Management anticipates that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business,

and therefore, the financial statements have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

All the Company's mineral properties are in the exploration stages and have not generated any revenue, and therefore, the Company has incurred significant losses and negative cash flows from operations since its inception. In the immediate term, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to fund its ongoing business operations. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. In the longer term, the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its ownership in the underlying mineral property interests, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to obtain financing to support its ongoing exploration programs. Whether the Company can achieve profitability and positive cash flows and obtain adequate financing are material uncertainties. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The following are highlights of events that occurred during the six months ended May 31, 2018 and the year ended November 30, 2017:

**Property acquisition – Kettle River**

On October 17, 2016, the Company entered into a Letter of Intent ("LOI") with New Nadina Explorations Limited ("New Nadina") with respect to acquiring New Nadina's 100% owned subsidiary, Kettle River Resources Ltd. ("Kettle River" or "KRR") which owns a significant package of mineral and land properties in the Greenwood area. With this acquisition, the Company is continuing to expand the scope of its current assets (The Greenwood Gold Project) in south-central British Columbia, Canada in the Greenwood Mining District.

Consideration for the acquisition consisted of a non-refundable deposit of \$80,000 on signing the LOI, \$15,000 by November 26, 2016, and on closure, a cash payment totaling \$1,000,000 (inclusive of deposits) and \$600,000 in shares of the Company.

On January 31, 2017, by paying consideration of \$20,000, the Company received an extension of one month on the final balance of \$905,000. New Nadina agreed to reimburse half of the extension fee, or \$10,000 if the balance was paid in full by February 14, 2017. On that day, the Company issued 2,222,250 shares (1,111,125 post-consolidation) valued at \$600,008 and made a payment of \$895,000 to New Nadina to complete the acquisition.

**Option agreement – J&L Property, BC**

On December 18, 2017, the Company entered into an option agreement (the "Agreement") with Huakan International Mining Inc. ("Huakan") to acquire the mineral properties and assets generally known as the J&L Property, located in the Revelstoke Mining Division, British Columbia, Canada.

At the execution of the Agreement, the Company transferred to Huakan 1,000,000 common shares (500,000 post-consolidation, valued at \$280,000).

According to the Agreement, the Company will earn interest in the J&L Project through the exercise of three options.

**1. First Option**

The Company shall pay Huakan \$8,000,000, issue Huakan 15,000,000 common shares, and undertake and complete exploration activities and prepare a Preliminary Feasibility Study through a thirty-month period, incurring no less than \$6,250,000 in exploration expenditures.

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After the First Option is exercised, the Company shall have earned an undivided 51% interest in and to the J&L Project. The Company provided Huakan a guarantee (the "Guarantee") that the 15,000,000 common shares issued to Huakan on exercise of the First Option shall have a minimum value of \$10,000,000.

**2. Second Option**

Provided that the Company has exercised the First Option and earned a 51% interest in and to the J&L Project, the Company shall be granted an option (the "Second Option") pursuant to which the Company may earn a 100% interest in the J&L Project.

In order to exercise the Second Option, the Company shall pay Huakan \$30,000,000 in cash within 12 months of the exercise of the First Option. Huakan has the option to require the Company to pay the \$30,000,000 one-half in cash and one-half through the issuance of \$15 million dollars' worth of common shares of the Company. Huakan shall be granted a 1.5% net smelter returns royalty (the "NSR") payable on all proceeds from ore mined at the J&L Project.

If the Company does not exercise the Second Option, the Company's interest in the J&L Project shall be automatically reduced from a 51% interest to a 40% interest.

**3. Third Option**

Provided that the Company has exercised the Second Option, the Company shall then be granted an option (the "Third Option") to acquire 100% of the issued and outstanding common shares (the "Huakan Shares") in the capital of Huakan for no additional consideration from the shareholders of Huakan. Huakan will become a wholly-owned subsidiary of the Company.

Due to a dispute between Huakan and Armex Mining Corp. on whether their option agreement dated April 12, 2017 in relation with J&L Property was terminated, the Company's obligation under this Agreement is currently suspended and will not resume until the dispute is resolved.

**Convertible security**

On August 28, 2016, the Company entered into an agreement with Lind Asset Management VI, LLC, managed by The Lind Partners, LLC, a New York-based institutional fund manager (together, the "Investor" or "Lind"), for the issuance of a convertible security with a face value of US\$2,400,000.

On February 14, 2017 after the Company fully repaid the first convertible loan and interest of US\$2,415,000 at which point Lind requested to advance a further US\$1,000,000 to the Company per its contractual right.

The gross funded amount included a pre-paid interest component of US\$200,000 for a total face value of US\$1,200,000. The Company is required to repay US\$100,000 monthly commencing June 30, 2017.

The Company also issued to Lind 4,202,258 warrants (2,101,129 post-consolidation) exercisable at \$0.29

In April 2018, the Company entered into a promissory note with another lender for US\$1,000,000, the proceeds of which were used for working capital purposes and to fully repay the remaining balance of the Lind convertible loan.

**Metal Purchase Agreement**

On December 23, 2016, the Company entered into a Gold Purchase Agreement ("GPA") with RIVI Opportunity Fund LP ("RIVI"). The GPA was further amended on February 8, 2017 and April 24, 2018.

The terms of the GPA are as follows: RIVI shall be entitled to 15% of the total combined gross production of gold ounces from the Lexington and Golden Crown Mines, at a gold-equivalent price per ounce of US \$400 for the life of the projects. RIVI has purchased the metal stream for a total of US \$4,000,000; US \$3,000,000 was received on February 9, 2017 upon signing the final agreement, and a second payment of US \$1,000,000 was received on March 13, 2017 after certain criteria was met. The Company also paid a structuring fee relating to the GPA.

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The GPA will accrue interest at a rate of 10% per annum on the US \$4,000,000 until the end of three full consecutive months of commercial production. The Company has granted as security to RIVI via a first-ranking registered mining tenements mortgage over the Lexington and Golden Crown properties.

Upon meeting certain criteria and delivery commitments, the Company shall have the option to reduce the metal stream and increase the per-ounce payment.

**Appointment of new directors**

On February 9, 2017 the Company appointed Mr. Kevin Puil to the board of directors of Golden Dawn. Mr. Puil is an asset manager with more than 20 years of experience managing investments. Mr. Puil is currently Managing Partner at RIVI Capital LLC, a mining focused private equity firm based in San Francisco. He holds a degree in Economics from the University of Victoria in British Columbia and is a Chartered Financial Analyst (CFA) charter holder.

On October 20, 2017, the Company appointed Ralph Wintermantel to the Company's Board of Directors. Mr. Wintermantel is currently Co-CEO of WINKAP UG since January 2017. For more than 20 years Mr. Wintermantel has been active in the financial markets. Since 2009 he has been the managing director of the media consulting agency VPC Group. This international company is operated from its head office in Frankfurt Germany, as well as from locations in Berlin, Hamburg and Mannheim. Their clients include global listed and non-listed companies, as well as organisations and associations. As well as consulting services, they also publish the independent financial magazines Derivate Magazine ([www.derivate-magazin.de](http://www.derivate-magazin.de)) and the Deutsche Bank Magazine X-press.

**Share consolidation**

On April 12, 2018, the Company consolidated its shares on a basis of one (1) post consolidated share for two (2) pre-consolidated shares. In these MD&A, reference to common shares and per share amounts has been retroactively restated.

**Private placements**

In June 2018, the Company closed a non-brokered private placement by issuing 2,721,111 non-flow through units at a price of \$0.27 per unit for total proceeds of \$734,700, of which \$530,000 was received as of May 31, 2018. Each unit consists of one common share and one transferable common share purchase warrant exercisable at \$0.35 for 36 months from the date of issuance. The Company may accelerate the expiry date of the Warrants if the volume weighted average closing price of the Shares of the Company on the TSX-V for 10 consecutive trading days exceeds \$0.55. The Warrants will expire 30 days from the Company giving notice of its election to accelerate expiry.

In February 2018, the Company closed a non-brokered private placement through the issuance of 1,456,228 flow through units ("FT Units") and 1,467,038 non-flow through units ("NFT Units"), raising gross proceeds of \$1,592,910. The NFT Units are issued at a price of \$0.52 per NFT Unit and The FT Units are issued at a price of \$0.57 per FT Unit. Each NFT Unit consists of one common share and one share purchase warrant exercisable at \$0.60 for 24 months from the date of issuance. Each FT Unit consists of one common share and one-half of share purchase warrant. Each whole flow through warrant is exercisable at \$0.60 for 24 months from the date of issuance.

In November 2017, the Company closed a non-brokered private placement consisting of 1,708,350 FT Units at \$0.57 per FT Unit and 2,673,075 NFT Units at \$0.52 per NFT Unit, for total proceeds of \$2,363,759. Each FT Unit includes one common share and one-half of one share purchase warrant. Each NFT Unit includes one common share and one whole share purchase warrant. Each whole share purchase warrant may be exercised at \$0.60 per share for the 12 months and at \$0.70 per share for 24 months from the date of issuance.

In September 2017, the Company closed a non-brokered private placement financing consisting of 3,001,278 FT Units at \$0.57 per FT Unit and 1,185,000 NFT Units at \$0.50 per NFT unit, for gross proceeds of

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\$2,303,228. Each FT and NFT units consist of one shares and one warrants. Each warrant can be exercised at \$0.60 per share for a period of 24 months from the date of issuance.

In May and June, 2017, the Company closed a non-brokered private placement by issuing 2,633,525 FT Units at \$0.67 per FT Unit. Each FT Unit consists of a flow through common share and one half warrant exercisable for two years. Each whole warrant can be exercised at \$0.80 per share for a period of 24 months from the date of issuance.

## **MINERAL EXPLORATION PROJECTS**

### ***J&L Project, Revelstoke, British Columbia***

In a news release dated March 19, 2018, the Company announced that a NI 43-101 Technical Report describing the updated Mineral Resource Estimate for the J&L Project has been completed by P&E Mining Consultants Inc. and filed on SEDAR. The updated Mineral Resource Estimate (effective date January 23, 2018) contains 1.35 million gold equivalent ounces in the Measured and Indicated categories and 1.08 million gold equivalent ounces in the Inferred category (table below). J&L is therefore one of the largest undeveloped gold Mineral Resources in western Canada.

#### **J&L Mineral Resource Estimate at C\$110/tonne NSR Cut-Off <sup>(1-6)</sup>**

| Main Zone  | Tonnes (000's) | Au (g/t)    | Au (000's oz) | Ag (g/t)    | Ag (000's oz) | Pb (%)     | Zn (%)      | AuEq (g/t)  | AuEq (000's oz) |
|------------|----------------|-------------|---------------|-------------|---------------|------------|-------------|-------------|-----------------|
| Measured   | 1,337          | 6.19        | 266           | 63.3        | 2,721         | 2.21       | 4.12        | 9.69        | 417             |
| Indicated  | 2,778          | 5.42        | 485           | 49.8        | 4,450         | 1.75       | 3.16        | 8.14        | 727             |
| Meas & Ind | <b>4,115</b>   | <b>5.67</b> | <b>751</b>    | <b>54.2</b> | <b>7,172</b>  | <b>1.9</b> | <b>3.47</b> | <b>8.65</b> | <b>1,144</b>    |
| Inferred   | 4,433          | 4.42        | 630           | 63.0        | 8,978         | 1.92       | 2.65        | 7.13        | 1,016           |

| Hanging Wall Zone | Tonnes (000's) | Au (g/t) | Au (000's oz) | Ag (g/t) | Ag (000's oz) | Pb (%) | Zn (%) | AuEq (g/t) | AuEq (000's oz) |
|-------------------|----------------|----------|---------------|----------|---------------|--------|--------|------------|-----------------|
| Indicated         | 280            | 0.91     | 8             | 57.1     | 515           | 2.59   | 5.93   | 5.33       | 48              |
| Inferred          | 33             | 0.24     | 0             | 77.7     | 83            | 3.16   | 5.89   | 5.11       | 5               |

| Footwall Zone | Tonnes (000's) | Au (g/t) | Au (000's oz) | Ag (g/t) | Ag (000's oz) | Pb (%) | Zn (%) | AuEq (g/t) | AuEq (000's oz) |
|---------------|----------------|----------|---------------|----------|---------------|--------|--------|------------|-----------------|
| Inferred      | 319            | 4.04     | 41            | 25.9     | 265           | 0.54   | 0.47   | 4.77       | 49              |

| Yellowjacket Zone | Tonnes (000's) | Au (g/t) | Au (000's oz) | Ag (g/t) | Ag (000's oz) | Pb (%) | Zn (%) | AuEq (g/t) | AuEq (000's oz) |
|-------------------|----------------|----------|---------------|----------|---------------|--------|--------|------------|-----------------|
| Indicated         | 764            | 0.09     | 2             | 62.8     | 1,544         | 2.61   | 9.98   | 6.42       | 158             |
| Inferred          | 23             | 0.12     | 0             | 55.5     | 41            | 2.67   | 7.75   | 5.38       | 4               |

| Total All Zones | Tonnes (000's) | Au (g/t)    | Au (000's oz) | Ag (g/t)    | Ag (000's oz) | Pb (%)      | Zn (%)      | AuEq (g/t)  | AuEq (000's oz) |
|-----------------|----------------|-------------|---------------|-------------|---------------|-------------|-------------|-------------|-----------------|
| Measured        | 1,337          | 6.19        | 266           | 63.3        | 2,721         | 2.21        | 4.12        | 9.69        | 417             |
| Indicated       | 3,823          | 4.03        | 495           | 53.0        | 6,509         | 1.98        | 4.73        | 7.60        | 934             |
| Meas & Ind      | <b>5,160</b>   | <b>4.59</b> | <b>761</b>    | <b>55.6</b> | <b>9,231</b>  | <b>2.04</b> | <b>4.57</b> | <b>8.14</b> | <b>1,351</b>    |
| Inferred        | 4,808          | 4.35        | 672           | 60.6        | 9,367         | 1.84        | 2.55        | 6.95        | 1,075           |

- 1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- 2) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected

that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

- 3) The Mineral Resources in this estimate were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
- 4) The following parameters were used to derive the NSR block model cut-off values used to define the Mineral Resource:
  - Dec 31, 2017 US\$ two-year trailing avg. metal prices: Pb \$0.95/lb, Zn \$1.13/lb, Au \$1,253/oz, Ag \$17.08/oz
  - Exchange rate of US\$0.76 = CDN \$1.00
  - Process recoveries of Pb 74%, Zn 75%, Au 91%, Ag 80%
  - Smelter payables of Pb 95%, Zn 85%, Au 96%, Ag 91%
  - Refining charges of Au US\$10/oz, Ag US\$0.50/oz
  - Concentrate freight charges of C\$65/t and Smelter treatment charge of US\$185/t
  - Mass pull of 5% and 8% concentrate moisture content.
- 5) The NSR cut-off of CDN\$110 per tonne was derived from \$75/t mining, \$25/t processing and \$10/t G&A.
- 6) 
$$\text{AuEq} = \text{Au g/t} + (\text{Ag g/t} \times 0.011) + (\text{Pb \%} \times 0.422) + (\text{Zn \%} \times 0.455)$$

J&L is an advanced stage project located 35 km north of Revelstoke, BC, and consists of mineral tenure claims and crown granted claims that total 3,150.74 hectares. Huakan owns a 100% interest in the J&L Property (the "Property") and assets without any underlying royalties. Golden Dawn announced signing a three-stage option agreement on December 18, 2017 to earn 100% interest of J&L from Huakan subject to an NSR Royalty. The option agreement is subject to regulatory approval.

The Property has been explored by a number of mining companies by trenching, tunnelling and drilling. There are at least 315 drill holes that have been completed on the property from 1983 to present. This translates to 41,075.9 metres ("m") of drilling. The 830 drift and related cross-cuts total 3.1 kilometres exposing the Main Zone for approximately 0.8 kilometres. The 550 m long 832 trackless drift provides year-round underground access to the 830 drift. Other assets include a rail siding and load-out facility for the Canadian Pacific Railway in Revelstoke, and a fully functional 40-man camp as well as a large shop and office facility located at the property, and a fleet of underground mining equipment.

The J&L Property lies at the northern end of the Kootenay Arc which is known for its Irish-type carbonate hosted Zn-Pb, volcanic-hosted massive sulphide (VMS) deposits (Goldstream) and Sedimentary Exhalite (Sedex) deposits. The two main deposits on the J&L Property are the Main Zone and the Yellowjacket Zone. Geologists who have worked on the Main Zone in the past have proposed a Sedex model, a VMS model, a replacement model and a shear hosted model. Huakan geologists interpret the Main Zone to be a shear-hosted sheeted sulfide replacement deposit that lies in a thrust zone and post-dates the Yellowjacket Zone mineralizing episode. The Yellowjacket Zone has a close affinity to Irish-type carbonate hosted Zn-Pb deposits. However, core examinations point to a contact replacement model with pervasive silica flooding.

The Main Zone is a sheeted gold-silver sulphide vein system composed of arsenopyrite-pyrite-sphalerite-galena mineralization. It has a surface trace of over 3 km strike length and is traced by drilling for 1.5 km strike length and 0.8 km dip length. The Main Zone generally dips approximately 60 degrees to the northeast

with an average true thickness of 2.5 m; however, it can reach up to 15 m in true thickness. Extensive drilling has indicated a traceable continuous plane with virtually no fault offsets, cut-offs or fault drags zones. As such, there remains excellent potential for additional resources on the Main Zone; it remains open up and down dip, and along strike to the northwest and possibly to the southeast.

Sub-parallel intermittent footwall and hanging wall zones occur proximal to the Main Zone. One hanging wall zone (HM1) (named HW Zone in the Mineral Resource Estimate) lies approximately 5 metres to the hanging wall of the Main Zone. A footwall zone (FM1) (named FW Zone in the Mineral Resource Estimate) zone lies approximately 5 metres to the footwall of the Main Zone. Other zones include a second hanging wall zone (HM2) that lies approximately 20 metres to the hanging wall of the Main Zone, and a second footwall zone (FM2) that lies approximately 20 metres to the footwall of the Main Zone (Mineral Resources have not been defined on these secondary zones).

The Yellowjacket Zone is silver-lead-zinc-rich and is composed of multiple parallel siliceous sphalerite galena bearing zones. The individual zones making up the Yellowjacket Zone occur as lenticular bodies each up to 8 m thick at the contact between alternating units of volcanics and limestone. The Yellowjacket Zone sub parallels and is in the immediate hanging wall of the Main Zone. The Yellowjacket Zone has higher silver, lead and zinc values than the Main Zone but no notable gold.

Underground bulk samples have been taken from the Main Zone to conduct metallurgical test work. The Main Zone is a complex polymetallic deposit high in arsenic values which create a challenge in the production of saleable zinc and lead concentrates and the economic recovery of gold. Extensive metallurgical testing between the mid 1980's and 2014 have considered various options and have produced numerous effective options for acceptable recoveries of gold, silver, zinc and lead by making 3 separate concentrates, including using heavy media separation. Based on the current envisioned circuit and corresponding laboratory test response, the overall process recoveries for the Main Zone are expected to be approximately 93% Au, 70% Ag, 74% Pb, and 80% Zn. Limited metallurgical test work from drill core has been performed on the Yellowjacket Zone, which appears to have less complex metallurgy than the Main Zone. The expected process recoveries for the Yellowjacket Zone are 94% Ag, 88% Pb, and 93% Zn.

On February 6, 2018, Golden Dawn reported that a legal action has arisen between Armex Mining Corp. ("Armex") and Huakan whereby Armex claims that it has a valid letter of intent with Huakan covering Huakan's J&L property. Huakan has notified the Company that it intends to defend the Armex action. The legal action has not been resolved at this time. Huakan has filed a compelling defense and has initiated a substantial counter claim. Huakan's legal counsel Dentons LLC and Golden Dawn's legal counsel are confident of a favourable outcome for Huakan International Mining Inc.

Assuming a resolution in Huakan's favour, Huakan and Golden Dawn could proceed with the recommended Phase 1 program. Subsequent to the May 2012 Preliminary Economic Assessment ("PEA"), 45 additional drill holes were completed resulting in a sizeable increase to the Mineral Resource Estimate. The metal prices and US\$ exchange rate have changed considerably since the May 2012 PEA as well. It is therefore justifiable and recommended to update a PEA for J&L. The cost of updating a PEA is estimated at \$250,000. Once completed, the results can drive the next steps of advancing the Project. Assuming the results of the updated PEA are favourable, a Phase 2 program to advance the J&L project through a Pre-Feasibility Study would be appropriate at an estimated cost of \$800,000. Associated with the Pre-Feasibility Study additional recommended work includes metallurgy, geotechnical site assessment drilling and some currently incomplete environmental studies. These additional studies are estimated to cost an additional \$800,000. A drifting and drilling campaign to expand Mineral Resources would be a sizable program and could cost several million dollars.

Conditional on a resolution in Huakan's favour, Golden Dawn is committed to updating the PEA to fulfil the first phase of the terms of its option agreement. The Company has no further significant obligations under

the terms of the option agreement until a decision is made to proceed with a Pre-Feasibility Study. Golden Dawn intends to manage the J&L Project on a standalone basis and finance it on the foundation of an economically robust Pre-Feasibility Study.

#### DISCUSSION:

The Board of Directors and Management are grateful to the serendipitous circumstances which led to the three major acquisitions in the past two years (Greenwood Mines and Plant, the surrounding prospects under Kettle River Resources Ltd., and the J&L Project). The situation included 1) The mostly ignored precious and base metal sector resulting in depressed asset prices, and 2) the Company's persistent presence in the Greenwood mining district since 2010, which gave the Company the knowledge of key assets available and the personal contacts with their vendors. Company management is optimistic that the market cap of the company will be positively reflected due to its current in-situ Mineral Resources, its 100% owned processing plant in Greenwood (with production start-up targeted in the next few months), and the opportunity to develop the potentially significant J&L property.

Technical disclosure in this news release has been approved by Eugene Puritch, P.Eng., FEC, CET of P&E Mining Consultants Inc., who is a Qualified Person as defined by NI 43-101 and is independent of Golden Dawn Minerals Inc.

#### ***Greenwood Project, Greenwood Mining District, British Columbia***

##### **The Lexington and Golden Crown Mines and Milling Complex**

The Company completed the acquisition of the Lexington and Golden Crown Mines and Milling Complex from Huakan International Mining Inc. ("Huakan") in September 2016.

Golden Dawn regards this project as attractive for the following reasons:

- 91% of the resource is categorized as Measured and Indicated
- Permits exist for mining and processing
- Infrastructure is in place and intact, including mining equipment, processing plant and tailings facility
- Minimal pre-production development required to commence mine production

A central mill and tailings facility exist on the Golden Crown Property located 1.5 km from the Golden Crown Deposit. The mill is designed to use conventional crushing, grinding, gravity and flotation to produce gold concentrate and a gold-rich copper concentrate. It is expected that fifty percent of the gold recovery will be by gravity with the balance in the copper concentrate.

The Company announced the results of a PEA report on April 7, 2016. However, the GPA signed with RIVI postdates this PEA and affects the economics of the project. As such, a new PEA was completed in June 2017.

On June 19, 2017 the Company announced that an updated PEA Technical Report was filed on SEDAR for its Greenwood Gold Project in south-central British Columbia, Canada. The PEA was prepared by P&E Mining Consultants Inc.

#### **PEA Highlights**

- Base case pre-tax IRR of 118.4% and NPV (6% discount rate) of C\$27.4 million (after-tax IRR of 103.4% and NPV of C\$19.7 million)

- Pre-production capital requirements of C\$3.4 million
- Pre-production period of six months as a result of existing infrastructure and permits from the acquisition of the process plant and Lexington-Grenoble and Golden Crown Mines
- Life of mine ("LOM") cash cost of US\$604 per ounce gold and all-in sustaining costs of US\$786 per ounce gold
- PEA based on updated Mineral Resource Estimates with effective date of May 5, 2017
- Exploration targets for increasing mineral resources at both Lexington and Golden Crown Mines
- Exploration target for further mill feed from the company's 100% owned May Mac mine 15 km by road access from Greenwood Mill
- Several proximal satellite deposits too small to warrant stand-alone processing facilities are targets for exploration and may further increase process plant feed

***Profile of Mill (as in recommendations of PEA)***

- One of the key aspects of this project is the existing infrastructure, including a permitted modern crushing-grinding-gravity-flotation facility with a process plant rated at 200 tonnes per day capacity (expandable to 400 tpd), assay laboratory and tailing facilities, currently under care and maintenance. The associated lined tailings facility remains stable. The equipment inside the process building all appear in good condition and the crushing equipment outside the mill building appears in reasonable condition. This process plant is proven as functional since it processed material from the Lexington-Grenoble Mine from May 2008 until the end of December 2008. Refurbishment of the process plant facility and crushing equipment is recommended to prepare for processing gold-copper material from the company's three proximal mines.

The qualifications and assumptions for this PEA are detailed in the Amended PEA Technical Report, prepared by P&E Mining Consultants, Inc. and dated June 2, 2016. Please refer to SEDAR or the Company Web Site.

***Cautionary Notes:***

*The PEA is preliminary in nature and it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.*

*The Company would like to note that its decision to proceed to extract mineralized material from the Lexington, Golden Crown and May Mac mines for processing at its facility located at the Greenwood Precious Metals Project was not based on a feasibility study. The Company cautions that, in such cases, there is increased uncertainty and higher economic and technical risks of failure. The Company notes that, since the mining and processing infrastructure is in place, it intends to proceed to trial mining and processing on the basis of Mineral Resource Estimates and the PEA.*

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Mineral Resources:

The 2017 PEA report provides updated Mineral Resource Estimates completed by P&E Mining Consultants Inc. (see table below). The effective date of the Mineral Resource Estimates is May 5, 2017. For further details, see the National Instrument 43-101 Technical Report, dated June 2, 2017.

The Lexington-Grenoble Property resource is based on a compiled database containing 236 surface drill holes and 359 underground drill holes, totaling 57,123 m of drilling by various companies. Additionally, a total of 54,237 tonnes of ore were mined from the underground Lexington-Grenoble Mine by Merit Mining Corp. from April to December 2008 and processed through the Greenwood gravity-flotation plant, producing 5,486 ounces gold, 3,247 ounces silver and 860,259 pounds of copper. Since then, the mine has ceased to operate due to low metal prices and has been kept on care and maintenance.

The Golden Crown Property drilling totaled 19,135 m in 288 diamond drill holes, done since 1968 by various groups, focused on the vein system comprising the Golden Crown Mineral Resource Estimate. The compiled database contains 235 surface drill holes and 53 underground drill holes, as well as 133 trench sampling records and 30 underground chip sample records.

The Mineral Resource Estimate referred to in the June 2 PEA report for the Deadwood Deposit is updated from a previous Mineral Resource Estimate contained in an Apex Geoscience Ltd. January 25, 2013 Technical Report titled "Technical Report on the Updated Resource for the Wild Rose – Tam O'Shanter Property, Greenwood Area, South Central British Columbia, Canada ("the January 2013 Apex Report"), prepared for Golden Dawn. A total of 8,985 m has been drilled in 50 holes on the Tam O'Shanter Property. A total of 45 drill holes were used to guide the geological/mineralization interpretation of the resource, and 30 holes were used for the resource calculation. Of the 30 holes, 14 holes (3,768 m) were completed (2010-2011) by Golden Dawn and 16 are historical holes. Estimation was performed into a parent block size of 25 m x 10 m x 25 m with sub-blocking down to 2.5 m x 1 m x 2.5 m.

| <b>LEXINGTON-GRENOBLE DEPOSIT UPDATED MINERAL RESOURCE ESTIMATE</b>       |               |               |             |                 |                |
|---------------------------------------------------------------------------|---------------|---------------|-------------|-----------------|----------------|
| <b>Cut-Off 3.50 g/t AuEq</b>                                              |               |               |             |                 |                |
| <b>Classification</b>                                                     | <b>Tonnes</b> | <b>Au g/t</b> | <b>Cu %</b> | <b>AuEq g/t</b> | <b>AuEq oz</b> |
| Measured                                                                  | 58,000        | 6.98          | 1.10        | 8.63            | 16,100         |
| Indicated                                                                 | 314,000       | 6.38          | 1.04        | 7.94            | 80,200         |
| Measured & Indicated                                                      | 372,000       | 6.47          | 1.05        | 8.05            | 96,300         |
| Inferred                                                                  | 12,000        | 4.42          | 1.03        | 5.96            | 2,300          |
| <b>GOLDEN CROWN DEPOSIT UPDATED MINERAL RESOURCE ESTIMATE</b>             |               |               |             |                 |                |
| <b>Cut-Off 3.50 g/t AuEq</b>                                              |               |               |             |                 |                |
| <b>Classification</b>                                                     | <b>Tonnes</b> | <b>Au g/t</b> | <b>Cu %</b> | <b>AuEq g/t</b> | <b>AuEq oz</b> |
| Indicated                                                                 | 163,000       | 11.09         | 0.56        | 11.93           | 62,500         |
| Inferred                                                                  | 42,000        | 9.04          | 0.43        | 9.68            | 13,100         |
| <b>INFERRED PIT CONSTRAINED MINERAL RESOURCE FOR THE DEADWOOD DEPOSIT</b> |               |               |             |                 |                |
| <b>CUT-OFF 0.40 G/T AU</b>                                                |               |               |             |                 |                |
| <b>Classification</b>                                                     | <b>Tonnes</b> | <b>Au g/t</b> |             |                 | <b>Au oz</b>   |
| Inferred                                                                  | 874,000       | 0.66          |             |                 | 18,500         |

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. It is noted that no specific issues have been identified as yet.

(2) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

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(3) The mineral resources in this report were estimated using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

(4) The 3.5 g/t AuEq underground Mineral Resource cut-off grade for Lexington and Golden Crown were derived from the approximate Apr 30/17 two year trailing average Au price of US\$1,200/oz and Cu price of US\$2.50/lb, US\$/C\$ exchange rate of 0.80, 90% & 85% respective Au and Cu process recoveries, C\$35/t process cost, C\$75/t mining cost and C\$30/t G&A cost.  $AuEq\ g/t = Au\ g/t + (Cu\ \% \times 1.5)$ .

(5) The 0.4 g/t Au open pit Mineral Resource cut-off grade for Deadwood was derived from the approximate Apr 30/17 two year trailing average Au price of US\$1,200/oz US\$/C\$ exchange rate of 0.80, 90% Au process recovery, C\$13/t process cost, C\$3/t open pit mining cost and C\$5/t G&A cost.

The qualifications and assumptions for the Mineral Resource estimates are detailed in the Amended PEA Technical Report, prepared by P&E Mining Consultants, Inc. and dated June 2, 2017. Please refer to SEDAR or the Company Web Site. There is no Feasibility or pre-feasibility study on this project.

### Exploration Targets

The 2017 PEA report includes descriptions of several exploration targets at the Lexington, Golden Crown, Phoenix, Tam O'Shanter and Boundary Falls properties.

The Lexington-Grenoble deposit remains open up and down dip as well as along strike. A collective exploration target in the vicinity of the Lexington-Grenoble deposit is estimated at 150,000 – 200,000 tonnes with a grade of 5.0 – 7.0 g/t Au and 0.8 – 1.2% Cu.

There is potential for additional Mineral Resources at the Golden Crown deposit in the immediate area of the known veins as these are open to expand in the down dip and along strike directions. A collective exploration target in the vicinity of the Golden Crown deposit is estimated at 65,000 – 80,000 tonnes with a grade of 8 – 10 g/t Au and 0.4 – 0.5 % Cu.

There is potential for additional Mineral Resources at the Tam O'Shanter Property in the immediate vicinity of the known veins and Inferred Mineral Resource since these are open to expansion in the down dip and along strike direction to the northwest. With additional drilling there is reasonable potential to expand the known Mineral Resource. An exploration target for Tam O'Shanter is estimated between 10 to 12 million tonnes at a gold grade between 0.5 to 0.7 g/t.

At the Sylvester K deposit on the Phoenix property, an exploration target is defined on the basis of drill holes that penetrate along the 150 m sulphide zone, trenching that has exposed the zone between 150 m and 230 m long, a vertical depth of 30 m (from drilling, it is interpreted that faulting cut off the zone at this depth) and a bulk density of 3.5 t/m<sup>3</sup>. The tonnage range for the Sylvester K exploration target is estimated at 150,000 – 250,000 tonnes with a grade range of 6 – 8 g/t Au.

Due to its potential size, the Tremblay tailings deposit on the Phoenix property warrants re-evaluation and sufficient work to enable a Mineral Resource to be estimated; further metallurgical testing would also be required to determine recovery and costs. The historical information available on the Tremblay Tailings has not been verified but assuming the information is correct regarding quantities, averaged grade and ranges of recoveries, an exploration target for Tremblay Tailings would be 3.8 – 4.2 million tonnes grading 0.2 – 0.3 g/t Au and 0.05 – 0.1 % Cu.

At the May Mac mine, the interval between the No.6 level and approximately 180 m vertically below the No.7 level has now been tested by historic mining and more recent surface and underground drilling. Mineralization has been identified in multiple veins in 36 out of 53 holes drilled into this area. This area has exploration potential and an exploration target is justifiable with the data to date. The size of vein area is about 250 m in strike length and 200 m in vertical height. Considering the dip of the mineralized zones, the vertical distance equates to about 260 m along the inclination. A 50% success ratio is proposed over this area as about 50% of the intercepts are greater than 80 cm. One could extrapolate that the mineralization may extend another 650 m along strike to the northwest to the Greyhound Creek Fault. With this area, one could assume a 20-30% success ratio as no drilling supports it to date. Based on these assumptions and the grades

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from drilling to date, an exploration target is proposed as 150,000 - 250,000 tonnes with a grade range of 100 - 200 g/t Ag, 1 - 2 g/t Au, 1 - 2% Pb and 1 - 2% Zn.

**Note: the potential quantities and grades of the above exploration targets are conceptual in nature; there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the targets being delineated as a Mineral Resource.**

The qualifications and assumptions for the exploration targets are detailed in the Amended PEA Technical Report, prepared by P&E Mining Consultants, Inc. and dated June 2, 2017. Please refer to SEDAR or the Company Web Site.

Environment, Reclamation and Stakeholder Engagement

Comprehensive environmental baseline studies were conducted by Huakan/Merit Mining Corp. for the Lexington-Grenoble Property in advance of the original permitting of the mine. Golden Dawn is now continuing to monitor the Lexington-Grenoble site for waste rock dump stability and surface water quality, as well as complying with required annual reports to the Ministry of Energy and Mines for the mine site. A \$215,000 bond was posted by Huakan with the government of British Columbia in safekeeping for the costs of reclaiming the mine site and area upon closure. Golden Dawn has now replaced this bond with its own bond for the same amount.

Golden Dawn now maintains 24/7 security at the Greenwood mill and tailings facility as part of the care and maintenance for the site. Golden Dawn continues to monitor the mill and tailings site weekly for tailings impoundment stability, water management and surface water quality, and will submit an annual Reclamation Report to the Ministry of Energy and Mines for the site. Golden Dawn will also submit annual Dam Safety Inspection reports. Huakan posted a \$235,000 bond with the government of British Columbia in safekeeping for the costs of reclaiming the mill and tailings facility and area upon closure. Golden Dawn has now replaced this bond with its own bond for the same amount.

First Nation engagement has also been initiated by Golden Dawn with the Osoyoos Indian Band (OIB) and the Splatshin Indian Band. To date, several meetings have been held with the OIB to discuss formulating a new agreement based on the agreements made with previous operators of the project that covers all of the Company's projects in the Greenwood area.

In order to facilitate negotiations towards an agreement with the OIB, a Negotiation Protocol Agreement has been made between the Company and OIB. This agreement covers the provision of funds to the OIB to cover the cost of negotiations towards an Impact Benefits Agreement. Funds to be provided by Golden Dawn Minerals Inc. amount to \$30,000.

Golden dawn is committed to working with stakeholders to ensure that concerns are addressed.

Net Smelter Royalty

The Greenwood mineral property was subject to a 3% Net Smelter Royalty ("NSR") to Huakan on mineral claims comprising the Lexington and Golden Crown properties, which was eliminated once the Net Revenue Payment was paid in full to Huakan in August 2017. A 3% NSR exists on 11 mineral claims covering part of the Golden Crown property (158 out of a total of 1017 hectares ("ha")). This royalty is comprised of 1.5% each to Don Rippon and Karl Schindler, which reduce to 0.9% for each party after payments totaling \$100,000 to each. The royalty to Schindler is capped at \$500,000 total payments. A separate 3% NSR to Don Rippon also exists on two other mineral claims on 109.6 ha of the Golden Crown property.

Historically, other parts of the property were subject to NSRs, however, these royalties were extinguished through the bankruptcy and receivership sale to Huakan in 2014. As such, other than the NSR to Huakan that was eliminated in August of 2017, there are no royalties on the area where the bulk of the mineral resources are located at the Golden Crown property (Golden Crown and Winnipeg Crown grants) or the Lexington property.

Current Activities

**Lexington Mine**

In a news release dated September 27, 2017, the Company announced it had given the required 72 hours' notice to the BC Ministry of Environment that it was nearing readiness to commence dewatering the Lexington mine.

The Company also announced it had received cost estimates to restart the Company's process plant, and the consensus from contractors is that the facility is in excellent shape, and refurbishment will cost approximately \$270,000 and take 3 to 5 weeks to be operable. It is anticipated that work will commence to restart the mill post-dewatering of the Lexington Mine to coincide with anticipated mill feed from the mine.

Surface prospecting and rock chip sampling was conducted on part of the Golden Crown property in July and August of 2017. Significant results from this work were announced in a news release dated October 18, 2017 and are presented below in this document with other results from the Kettle River property.

Surface diamond drilling commenced in the Golden Crown mine area on August 27, 2017 and as of October 2, 2017, a total of 1,358 m were drilled in 19 holes. Core samples were selected and dispatched for analysis at Actlabs in Kamloops, BC. Assay results for these drill holes are pending.

In a news release dated January 15, 2018 the Company announced that dewatering at the Company's Lexington mine is now complete. The Company is pleased to report that the underground mine workings are in excellent condition with no major rock falls nor compromised ground support. Additionally, the east portal and decline, as well as the main underground haulage route, are in excellent condition. In early 2018, the west portal canopy will be refurbished with new timber. A third access to the mine, the fresh air raise, has been equipped with a new ladderway. The mechanical services shop and other on-site service buildings have been refurbished.

The next steps towards restarting operations include installation of mine services, including compressed air and water supply, electrical and ventilation, all to be serviced from the west portal. Initial technical work, including geological mapping and sampling of the exposed mineralization are scheduled to commence this month. A mine engineering consultancy is now working to produce a detailed mine plan and schedule. Following completion of these initial activities and coinciding with refurbishing the Greenwood process plant, the mining program is scheduled to provide mill feed for the plant by the 2<sup>nd</sup> quarter of this year.

The process plant will be wet commissioned when the mining activities start, to initiate production of gravity gold and gold-copper flotation concentrates. Remaining start-up costs are expected to be approximately \$2 million. The project is scheduled to ramp up to full-scale production in the second half of the year.

The Company is considering the installation of an ore sorting facility to increase the grade of feed for the Greenwood Process Plant. An initial pre-concentration test was conducted in December in Kentucky, USA using material previously mined in 2008. Sorted materials have been sampled and delivered to Lakefield, Ontario for assaying, the results of which will quantify the effectiveness of this approach.

The mine continues to be dewatered on a steady-state operational mode. An amendment to the discharge permit is being applied for to accommodate the volume of water being pumped, which is greater than originally anticipated.

*The decision to proceed to extract mineralized material from the Lexington, Golden Crown and May Mac mines for processing at the facility located at the Greenwood Precious Metals Project was not based on a feasibility study. The Company cautions that, in such cases, there is increased uncertainty and higher economic and technical risks of failure.*

The permit for operating the Lexington-Grenoble mine received from the BC Ministry of Energy and Mines on June 16, 2017 requires a number of management plans to be in place before operations can proceed. The Company has engaged the services of a consulting mining engineer to assist with completion of these documents and to manage the mine operation.

On February 22, 2018, the Company announced preliminary results from pre-concentration testing of samples from the Lexington property, part of the Greenwood Precious Metals Project.

Golden Dawn provided 140 kg of mineralized samples (originating from the Lexington Mine for pre-concentration testing using the Steinert multi-sensor sorting system (KSS). The samples were collected and prepared from oversized material that was remaining from the 2008 mining operation. The sorting test work was conducted at the facilities of Steinert US in Walton, Kentucky.

The purpose of the test work was to determine the sorting efficiency of a Steinert Combined Sensor Sorting System on the samples provided. This machine measures the X-ray attenuation of each rock particle and this is utilized to separate high density from low density particles. Typically, the denser material is better mineralized and the less-dense material is low-grade or waste material. The sorted samples were weighed and sent for independent laboratory analyses by SGS, an ISO 17025 accredited laboratory located in Lakefield, Ontario.

## RESULTS

Two size fractions (-70 +30mm and -30 +10mm) were tested separately using a combination of XRT and 3D Laser sensors. Both size fractions showed good results in terms of upgrade and recovery. The fine size fraction -30 +10mm showed slightly better upgrades and recoveries. For the -30mm +10mm particle size, the gold grade was upgraded from 8.0 grams per tonne (g/t) to 12.5 g/t with a 90 % gold recovery and a mass rejection of 42%. For the coarser -70mm +30mm sample, the gold grade was upgraded from 9.6 g/t to 11.6 g/t, with a gold recovery of 86% and a mass rejection of 29%. High mass rejection of low grade material, between 42% and 28% of the respective samples, was obtained while still achieving good gold recoveries of 85% to 90%. Copper upgrading was also observed but final analytical data is still pending for some products. Full details are described in the preliminary report, which will be posted on the Company website.

## DISCUSSION

The positive sorting response shows that the gold and copper grade of material extracted from the Lexington mine can be upgraded prior to processing at the existing Greenwood Process Plant. This would indicate a potential to increase mining rates and/or improve mill head feed grades. The mine could extract a larger resource at a lower cut-off grade or alternatively, ore sorting could be utilized to counter the effect of excess mining dilution. Therefore, the sorting process provides an opportunity to improve the economics for the Greenwood Project. The Company will be conducting further evaluation, including additional sorting and related metallurgical test work on a bulk sample, to advance the procedure.

Meanwhile, work is progressing towards start-up of mining operations at the Lexington mine, with mine planning and geotechnical assessments underway to prepare for mine production. The Greenwood Processing Plant will be wet commissioned once the mining operation is underway. At the same time, a surface diamond drilling program is about to kick-off on the Golden Crown property aimed at increasing resources on the known gold zones. This program will be expanded along a 3.5 km corridor of gold soil anomalies into the JD area and will test new gold zones identified by chip sampling last year. Permits are also being sought for exploration drilling and trenching at selected areas on the Phoenix property.

Technical disclosure in this news release has been approved by Frank Wright, P.Eng., a Qualified Person as defined by National Instrument 43-101, and metallurgical consultant to the Company.

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In a news release dated March 26, 2018, the Company provide an update on activities to be completed in 2018 to bring the Lexington Mine and Greenwood Processing Plant on-stream, subject to meeting all conditions of our existing permits and further funding.

#### Q1 Activities

- The Lexington Mine has been successfully dewatered and mostly cleaned out. Current activities include geological and geotechnical assessments of the mine workings. The geological work is aimed at improved understanding of the geometry of the mineralized zones and major geological structures. The geotechnical work is required to determine appropriate ground control (rock bolting, screening etc.) and the optimum sizes of mine openings and pillar sizes.
- The Lexington resource block model has also been reviewed and improved and has been turned over to the mine planning engineers. A first pass mine plan is expected by mid-April. This mine plan will be developed in conjunction with the recent geotechnical work. This geotechnical input will be invaluable to the mine plan to enable maximum extraction of the resource in a safe manner.
- The mine ventilation plan will be updated, and the necessary infrastructure will be placed in the mine (surface and underground) to allow us to properly ventilate operations of 200 tonnes per day ("tpd"). Additionally, the ventilation plan will show us where the bottlenecks are for increasing ventilation air to support a higher production rate.
- Management continues to prepare all the necessary management plans as required by the permits to operate the mine in a safe manner.

#### Q2 Activities

- Staffing will be increased as required for the activities scheduled through the pre-production period.
- Mine activities will comprise the following:
  - o Complete the repair of the West Portal;
  - o Complete wiring and insulating the Lexington maintenance shop;
  - o Continue repairs to the underground equipment fleet (mobile and stationary) to ready for operations;
  - o Repair of underground explosives and detonator magazines, remobilization and stocking of surface explosives/detonator magazines, refurbishing and stocking the refuge station and excavating permanent mine sumps. A sedimentation pond for mine discharge water will be built at the east portal;
    - o Underground diamond drilling may be initiated during this time to better define the mineralized zones planned to be mined; and
  - o Extensive surface drilling on the Golden Crown Mine Property is underway to increase current resources. 38 diamond drill holes have been drilled on this property to date.

#### Q3 Activities

- Underground mine development will be carried out beginning in July and mining of sufficient material will be stockpiled and ready for the Zip mill to begin processing in August.
- August: Mine operations will ramp up to 6,000 tonnes per month by the end of August.
- September: The mine will be operated at 200 tpd capacity.
- Prospecting on the entire Greenwood Precious Metals property and further surface diamond drilling will take place on the Golden Crown and other selected high priority targets. The Company will follow up on potential intrusive mineralization targets.

#### Q4 Activities

- October through December: It is expected that 18,000 tonnes of ore will be mined and trucked to the processing plant.
- In addition to providing mill feed in September, the mine will also produce a bulk sample of material that will be crushed at the Zip mill. A portion of this material will be shipped to Kentucky for further testing of pre-concentration sorting.

#### Zip Mill

- Q1-Q2: Mill offices, first aid room and dry facility will all be purchased in the coming months so that the site is fully equipped for refurbishing during July.
- Staffing plans have been made and will be implemented according to the activities scheduled through the March to July pre-production period. A mill supervisor will be hired on a consulting basis in Q2 to initiate and monitor refurbishment and commissioning of the plant.
- Q3: The Zip mill will be refurbished in July; production in August will average 100 tpd (3,000 tonnes total) due to the usual challenges of starting a plant and bringing it to full capacity of 6,000 tonnes per month by September.
- The Company is working on completing all the required conditions for permits, for the operation of the Zip mill and Greenwood tailings impoundment facility for the beginning of August. The Company is also working with its consultants to fulfil environmental permitting requirements for the Greenwood processing plant.
- Q4: The mill will be on-stream and processing all of the Lexington Mine feed from September through 2018 year-end, a possible total of 24,000 tonnes.
- Note: The Lexington Mine has in excess of 4000 m of underground workings and ore development completed, by our predecessors. One meter of 5x5 m of tunneling costs between \$4000-\$6000.

Management is very satisfied with the progress made towards commencing production at the Lexington Mine and Greenwood Mill. It has been 22 months since the Company took possession of the Lexington and Golden Crown Mines, and the 200/400 tpd mill. Permits have been obtained, the Lexington Mines has been dewatered (which took longer than anticipated due to greater water volume), the mill has been organized and readied to be operational within a month's notice, underground equipment has been repaired, and the shop and offices at the portals of the Lexington Mine have been rebuilt. The exploration program also continued, with 38 holes drilled to date on the Golden Crown property to infill and extend the current resource, plus transport and reorganization of about 30,000 m of drill core from the three mines into one core storage facility. The Company expects to meet all the environmental and safety standards as required by the existing permits, and looks forward to a promising start of its production of gold and other metals in Q3.

*The Company would like to clarify that its decision to proceed to extract mineralized material from the Golden Crown and Lexington deposits for processing at its facility located at the Greenwood Precious Metals Project is not based on a feasibility study. The Company cautions that, in such cases, there is increased uncertainty and higher economic and technical risks of failure.*

In a news release dated June 11, 2018, the Company provided assay results from sampling conducted in the Lexington Mine and an update on activities completed. The Company is aiming at initiating trial mining and processing before year end.

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Rock chip sampling is being conducted in the mine to assess the working faces remaining from the 2008 mining campaign that are currently accessible. A total of 339 individual samples have been collected so far. Results from the first batch of 206 samples sent for assay are provided below.

**Table 1: Composite Channel Sample Results**

| <b>Sample Line</b> | <b>Length (m)</b> | <b>Au (g/t)</b> | <b>Cu (%)</b> | <b>Au Eq (g/t)</b> |
|--------------------|-------------------|-----------------|---------------|--------------------|
| 1166-112-1-LW-1    | 2.2               | 0.69            | 0.19          | 0.97               |
| 1166-112-1-LW-2    | 2.2               | 0.81            | 0.09          | 0.95               |
| 1166-112-1-LW-4    | 2.3               | <b>6.25</b>     | <b>0.93</b>   | <b>7.65</b>        |
| 1166-112-1-LW-5    | 1.8               | 0.55            | 0.31          | 1.02               |
| 1166-112-1-RW-1    | 2.1               | 2.66            | 0.27          | 3.07               |
| 1166-112-1-RW-2    | 2.0               | <b>2.27</b>     | <b>1.13</b>   | <b>3.97</b>        |
| 1166-112-1-RW-4    | 1.9               | 1.91            | 0.41          | 2.52               |
| 1166-112-1-RW-5    | 2.2               | 0.90            | 1.29          | 2.84               |
| 1166-112-2A-FACE   | 2.1               | 0.16            | 0.05          | 0.24               |
| 1166-112-2A-LW-1   | 3.4               | <b>2.60</b>     | <b>1.12</b>   | <b>4.28</b>        |
| 1166-112-2A-LW-2   | 2.0               | <b>4.35</b>     | <b>0.85</b>   | <b>5.63</b>        |
| 1166-112-2A-LW-3   | 2.3               | 0.47            | 0.47          | 1.17               |
| 1166-112-2A-RW     | 3.1               | 2.01            | 0.51          | 2.77               |
| 1166-112-2A-RW-2   | 1.6               | 0.14            | 0.04          | 0.20               |
| 1166-112-2A-RW-3   | 2.3               | 0.71            | 0.34          | 1.22               |
| 1166-112-3-LW-1    | 2.2               | 0.26            | 0.78          | 1.44               |
| 1166-112-3-LW-2    | 2.4               | 1.05            | 0.42          | 1.67               |
| 1166-112-3-RW      | 3.9               | <b>13.41</b>    | <b>2.08</b>   | <b>16.54</b>       |
| 1166-112-3-RW-2    | 2.0               | <b>3.40</b>     | <b>1.19</b>   | <b>5.20</b>        |
| 1166-112-OAC-RW-2  | 2.1               | <b>5.19</b>     | <b>0.53</b>   | <b>5.99</b>        |
| 1210-128-2A-FACE   | 1.2               | 1.30            | 0.05          | 1.38               |
| 1210-128-2A-LW     | 2.1               | <b>4.20</b>     | <b>0.79</b>   | <b>5.38</b>        |
| 1210-128-2A-RW     | 2.0               | 0.26            | 0.25          | 0.63               |
| 1210-128-2-FACE    | 1.4               | <b>22.20</b>    | <b>4.32</b>   | <b>28.68</b>       |
| 1210-128-2-LW-2    | 2.0               | 2.18            | 0.71          | 3.24               |

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| Sample Line        | Length (m) | Au (g/t)     | Cu (%)      | Au Eq (g/t)  |
|--------------------|------------|--------------|-------------|--------------|
| 1210-128-2-RW-2    | 2.1        | <b>3.20</b>  | <b>0.25</b> | <b>3.59</b>  |
| 1210-128-OAC-LW-3  | 2.1        | <b>15.74</b> | <b>0.85</b> | <b>17.01</b> |
| 1210-128-OAC-LW-4  | 1.8        | <b>30.18</b> | <b>4.93</b> | <b>37.57</b> |
| 1210-128-OAC-LW-5  | 2.0        | <b>2.73</b>  | <b>2.28</b> | <b>6.16</b>  |
| 1210-128-OAC-LW-6  | 2.2        | 2.62         | 0.18        | 2.89         |
| 1210-128-OAC-LW-7  | 2.2        | 0.84         | 0.27        | 1.25         |
| 1210-128-OAC-LW-8  | 2.4        | 1.96         | 0.98        | 3.43         |
| 1210-128-OAC-RW-2  | 2.9        | <b>2.41</b>  | <b>0.80</b> | <b>3.61</b>  |
| 1210-128-OAC-RW-3  | 2.9        | <b>5.11</b>  | <b>0.94</b> | <b>6.53</b>  |
| 1210-128-OAC-RW-5  | 2.6        | <b>2.88</b>  | <b>0.41</b> | <b>3.50</b>  |
| 1210-128-XCUT-LW-1 | 2.8        | 2.43         | 0.61        | 3.34         |
| 1210-128-XCUT-LW-2 | 2.4        | 0.32         | 0.12        | 0.50         |
| 1210-128-XCUT-LW-3 | 2.2        | <b>6.71</b>  | <b>0.48</b> | <b>7.43</b>  |
| 1210-128-XCUT-LW-4 | 2.2        | <b>11.17</b> | <b>2.65</b> | <b>15.14</b> |
| 1210-128-XCUT-LW-5 | 2.5        | <b>11.41</b> | <b>2.81</b> | <b>15.63</b> |
| 1210-128-XCUT-RW-1 | 2.3        | 1.29         | 1.04        | 2.85         |
| 1210-128-XCUT-RW-2 | 2.3        | <b>26.67</b> | <b>1.77</b> | <b>29.33</b> |
| 1210-128-XCUT-RW-3 | 2.0        | <b>15.49</b> | <b>1.36</b> | <b>17.54</b> |
| 1210-128-XCUT-RW-4 | 1.9        | 0.23         | 0.06        | 0.32         |
| 1210-128-XCUT-RW-5 | 2.4        | 1.47         | 0.17        | 1.72         |
| 1210-128-XCUT-RW-6 | 2.1        | 0.82         | 0.40        | 1.42         |
| 1210-132-OAC-LW    | 3.0        | 1.94         | 0.61        | 2.85         |
| 1210-132-OAC-RW    | 2.6        | <b>17.04</b> | <b>3.42</b> | <b>22.16</b> |

**Table 2: Individual Channel Sample Results**

| Sample Line     | From (m) | To (m) | Length (m) | Sample ID | Au g/t       | Cu %        | Au Eq g/t    |
|-----------------|----------|--------|------------|-----------|--------------|-------------|--------------|
| 1166-112-1-LW-1 | 0.00     | 0.80   | 0.80       | A06449    | 0.06         | 0.02        | 0.09         |
|                 | 0.80     | 1.26   | 0.46       | A06451    | 2.90         | 0.50        | 3.65         |
|                 | 1.26     | 2.16   | 0.90       | A06452    | 0.12         | 0.18        | 0.39         |
| 1166-112-1-LW-2 | 0.00     | 0.15   | 0.15       | A06515    | <b>9.45</b>  | <b>0.35</b> | <b>9.98</b>  |
|                 | 0.15     | 2.15   | 2.00       | A06517    | 0.16         | 0.07        | 0.27         |
| 1166-112-1-LW-4 | 0.00     | 1.45   | 1.45       | A06522    | 1.17         | 0.22        | 1.50         |
|                 | 1.45     | 1.95   | 0.50       | A06523    | <b>8.00</b>  | <b>1.59</b> | <b>10.39</b> |
|                 | 1.95     | 2.25   | 0.30       | A06524    | <b>27.90</b> | <b>3.25</b> | <b>32.78</b> |

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| Sample Line      | From (m) | To (m) | Length (m) | Sample ID | Au g/t       | Cu %        | Au Eq g/t    |
|------------------|----------|--------|------------|-----------|--------------|-------------|--------------|
| 1166-112-1-LW-5  | 0.00     | 0.70   | 0.70       | A06525    | <b>1.01</b>  | <b>0.71</b> | 2.08         |
|                  | 0.70     | 1.40   | 0.70       | A06527    | 0.22         | 0.08        | 0.34         |
|                  | 1.40     | 1.84   | 0.44       | A06528    | 0.34         | 0.07        | 0.45         |
| 1166-112-1-RW-1  | 0.00     | 2.10   | 2.10       | A06509    | 2.66         | 0.27        | 3.07         |
| 1166-112-1-RW-2  | 0.00     | 1.22   | 1.22       | A06511    | 0.10         | 0.13        | 0.30         |
|                  | 1.22     | 1.70   | 0.48       | A06512    | <b>8.38</b>  | <b>4.26</b> | <b>14.77</b> |
|                  | 1.70     | 2.00   | 0.30       | A06513    | 1.34         | 0.18        | 1.61         |
| 1166-112-1-RW-4  | 0.00     | 0.95   | 0.95       | A06529    | <b>3.40</b>  | <b>0.66</b> | <b>4.39</b>  |
|                  | 0.95     | 1.15   | 0.20       | A06531    | 0.47         | 0.10        | 0.62         |
|                  | 1.15     | 1.35   | 0.20       | A06532    | 0.02         | 0.01        | 0.04         |
|                  | 1.35     | 1.90   | 0.55       | A06533    | 0.54         | 0.23        | 0.89         |
| 1166-112-1-RW-5  | 0.00     | 0.20   | 0.20       | A06534    | 2.23         | 0.60        | 3.13         |
|                  | 0.20     | 1.40   | 1.20       | A06535    | 0.55         | 0.08        | 0.67         |
|                  | 1.40     | 2.15   | 0.75       | A06537    | <b>1.10</b>  | <b>3.42</b> | <b>6.23</b>  |
| 1166-112-2A-FACE | 0.00     | 1.20   | 1.20       | A06463    | 0.12         | 0.05        | 0.20         |
|                  | 1.20     | 2.10   | 0.90       | A06464    | 0.22         | 0.05        | 0.30         |
| 1166-112-2A-LW-1 | 0.00     | 0.70   | 0.70       | A06432    | 1.21         | 0.60        | 2.11         |
|                  | 0.70     | 1.40   | 0.70       | A06433    | 1.46         | 0.18        | 1.73         |
|                  | 1.40     | 2.10   | 0.70       | A06434    | 2.79         | 3.14        | 7.50         |
|                  | 2.10     | 2.56   | 0.46       | A06435    | 0.25         | 0.10        | 0.40         |
|                  | 2.56     | 2.96   | 0.40       | A06437    | 0.31         | 1.00        | 1.81         |
|                  | 2.96     | 3.36   | 0.40       | A06438    | <b>11.70</b> | <b>1.40</b> | <b>13.80</b> |
| 1166-112-2A-LW-2 | 0.00     | 0.56   | 0.56       | A06439    | 0.63         | 0.14        | 0.84         |
|                  | 0.56     | 1.20   | 0.64       | A06441    | 0.49         | 0.09        | 0.63         |
|                  | 1.20     | 1.60   | 0.40       | A06442    | <b>19.00</b> | <b>3.24</b> | <b>23.86</b> |
|                  | 1.60     | 2.00   | 0.40       | A06443    | 1.11         | 0.66        | 2.10         |
| 1166-112-2A-LW-3 | 0.00     | 0.65   | 0.65       | A06444    | 1.04         | 1.44        | 3.20         |
|                  | 0.65     | 1.25   | 0.60       | A06445    | 0.29         | 0.07        | 0.40         |
|                  | 1.25     | 1.80   | 0.55       | A06447    | 0.30         | 0.03        | 0.35         |
|                  | 1.80     | 2.30   | 0.50       | A06448    | 0.13         | 0.16        | 0.37         |
| 1166-112-2A-RW   | 0.00     | 0.58   | 0.58       | A06425    | <b>6.65</b>  | <b>1.54</b> | <b>8.96</b>  |
|                  | 0.58     | 1.10   | 0.52       | A06426    | 0.30         | 0.01        | 0.32         |
|                  | 1.10     | 1.57   | 0.47       | A06427    | 0.48         | 0.05        | 0.56         |

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|-------------------|----------|--------|------------|-----------|--------------|-------------|--------------|
|                   | 1.57     | 1.97   | 0.40       | A06428    | 0.45         | 0.64        | 1.41         |
|                   | 1.97     | 2.57   | 0.60       | A06429    | 0.08         | 0.09        | 0.22         |
|                   | 2.57     | 3.07   | 0.50       | A06431    | <b>3.39</b>  | <b>0.66</b> | <b>4.38</b>  |
| 1166-112-2A-RW-2  | 0.00     | 1.60   | 1.60       | A06465    | 0.14         | 0.04        | 0.20         |
| 1166-112-2A-RW-3  | 0.00     | 0.48   | 0.48       | A06467    | 0.75         | 0.56        | 1.59         |
|                   | 0.48     | 1.48   | 1.00       | A06468    | 0.11         | 0.10        | 0.26         |
|                   | 1.48     | 2.10   | 0.62       | A06469    | 1.27         | 0.60        | 2.17         |
|                   | 2.10     | 2.30   | 0.20       | A06471    | 1.86         | 0.22        | 2.19         |
| 1166-112-3-LW-1   | 0.00     | 0.60   | 0.60       | A06455    | 0.43         | 1.48        | 2.65         |
|                   | 0.60     | 2.20   | 1.60       | A06457    | 0.20         | 0.52        | 0.98         |
| 1166-112-3-LW-2   | 0.00     | 0.35   | 0.35       | A06458    | 0.31         | 0.25        | 0.69         |
|                   | 0.35     | 1.12   | 0.77       | A06459    | 1.64         | 0.78        | 2.81         |
|                   | 1.12     | 1.34   | 0.22       | A06461    | <b>3.43</b>  | <b>0.51</b> | <b>4.20</b>  |
|                   | 1.34     | 2.37   | 1.03       | A06462    | 0.34         | 0.18        | 0.61         |
| 1166-112-3-RW     | 0.00     | 0.84   | 0.84       | A06418    | <b>29.60</b> | <b>2.54</b> | <b>33.41</b> |
|                   | 0.84     | 1.39   | 0.55       | A06419    | <b>18.00</b> | <b>5.51</b> | <b>26.27</b> |
|                   | 1.39     | 1.92   | 0.53       | A06421    | <b>31.60</b> | <b>4.03</b> | <b>37.65</b> |
|                   | 1.92     | 2.47   | 0.55       | A06422    | 0.12         | 0.68        | 1.14         |
|                   | 2.47     | 3.07   | 0.60       | A06423    | 0.22         | 0.05        | 0.30         |
|                   | 3.07     | 3.87   | 0.80       | A06424    | 0.26         | 0.44        | 0.92         |
| 1166-112-3-RW-2   | 0.00     | 0.95   | 0.95       | A06453    | 0.46         | 0.46        | 1.15         |
|                   | 0.95     | 1.95   | 1.00       | A06454    | <b>6.20</b>  | <b>1.89</b> | <b>9.04</b>  |
| 1166-112-OAC-RW-2 | 0.00     | 1.56   | 1.56       | A06507    | 0.10         | 0.13        | 0.30         |
|                   | 1.56     | 2.10   | 0.54       | A06508    | <b>19.90</b> | <b>1.71</b> | <b>22.47</b> |
| 1210-128-2A-FACE  | 0.00     | 0.63   | 0.63       | A06484    | 1.32         | 0.04        | 1.38         |
|                   | 0.63     | 1.23   | 0.60       | A06485    | 1.28         | 0.06        | 1.37         |
| 1210-128-2A-LW    | 0.00     | 0.56   | 0.56       | A06479    | <b>2.80</b>  | <b>1.01</b> | <b>4.32</b>  |
|                   | 0.56     | 2.10   | 1.54       | A06481    | <b>4.71</b>  | <b>0.71</b> | <b>5.78</b>  |
| 1210-128-2A-RW    | 0.00     | 0.58   | 0.58       | A06482    | 0.41         | 0.72        | 1.49         |
|                   | 0.58     | 2.00   | 1.42       | A06483    | 0.20         | 0.06        | 0.29         |
| 1210-128-2-FACE   | 0.00     | 1.40   | 1.40       | A06478    | <b>22.20</b> | <b>4.32</b> | <b>28.68</b> |
| 1210-128-2-LW-2   | 0.00     | 0.91   | 0.91       | A06474    | <b>3.68</b>  | <b>1.15</b> | <b>5.41</b>  |
|                   | 0.91     | 1.24   | 0.33       | A06475    | 0.19         | 0.02        | 0.22         |

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| Sample Line       | From (m) | To (m) | Length (m) | Sample ID | Au g/t       | Cu %         | Au Eq g/t    |
|-------------------|----------|--------|------------|-----------|--------------|--------------|--------------|
|                   | 1.24     | 2.04   | 0.80       | A06477    | 1.29         | 0.49         | 2.03         |
| 1210-128-2-RW-2   | 0.00     | 0.39   | 0.39       | A06489    | <b>16.10</b> | <b>0.73</b>  | <b>17.20</b> |
|                   | 0.39     | 0.46   | 0.07       | A06491    | 0.31         | 0.05         | 0.39         |
|                   | 0.46     | 1.28   | 0.82       | A06492    | 0.06         | 0.03         | 0.11         |
|                   | 1.28     | 1.38   | 0.10       | A06493    | 1.12         | 0.45         | 1.80         |
|                   | 1.38     | 2.13   | 0.75       | A06494    | 0.49         | 0.24         | 0.85         |
| 1210-128-OAC-LW-3 | 0.00     | 0.66   | 0.66       | A06499    | <b>9.45</b>  | <b>0.89</b>  | <b>10.79</b> |
|                   | 0.66     | 1.12   | 0.46       | A06501    | <b>9.84</b>  | <b>1.41</b>  | <b>11.96</b> |
|                   | 1.12     | 2.12   | 1.00       | A06502    | <b>22.60</b> | <b>0.57</b>  | <b>23.46</b> |
| 1210-128-OAC-LW-4 | 0.00     | 0.53   | 0.53       | A06538    | 1.59         | 0.31         | 2.06         |
|                   | 0.53     | 1.27   | 0.74       | A06539    | <b>69.30</b> | <b>11.00</b> | <b>85.80</b> |
|                   | 1.27     | 1.75   | 0.48       | A06541    | 1.43         | 0.66         | 2.42         |
| 1210-128-OAC-LW-5 | 0.00     | 0.56   | 0.56       | A06542    | 0.43         | 0.03         | 0.48         |
|                   | 0.56     | 0.96   | 0.40       | A06543    | <b>5.23</b>  | <b>9.74</b>  | <b>19.84</b> |
|                   | 0.96     | 1.96   | 1.00       | A06544    | 3.02         | 0.57         | 3.88         |
| 1210-128-OAC-LW-6 | 0.00     | 0.60   | 0.60       | A06545    | 0.37         | 0.08         | 0.49         |
|                   | 0.60     | 1.30   | 0.70       | A06547    | 0.15         | 0.28         | 0.57         |
|                   | 1.30     | 1.75   | 0.45       | A06548    | <b>12.00</b> | <b>0.19</b>  | <b>12.29</b> |
|                   | 1.75     | 2.20   | 0.45       | A06549    | 0.10         | 0.14         | 0.31         |
| 1210-128-OAC-LW-7 | 0.00     | 0.72   | 0.72       | A06551    | 1.77         | 0.38         | 2.34         |
|                   | 0.72     | 1.59   | 0.87       | A06552    | 0.54         | 0.30         | 0.99         |
|                   | 1.59     | 2.21   | 0.62       | A06553    | 0.20         | 0.09         | 0.34         |
| 1210-128-OAC-LW-8 | 0.00     | 0.45   | 0.45       | A06554    | 1.86         | 0.52         | 2.64         |
|                   | 0.45     | 1.15   | 0.70       | A06555    | <b>4.16</b>  | <b>2.53</b>  | <b>7.96</b>  |
|                   | 1.15     | 2.35   | 1.20       | A06557    | 0.72         | 0.24         | 1.08         |
| 1210-128-OAC-RW-2 | 0.00     | 0.55   | 0.55       | A06561    | 2.08         | 1.14         | 3.79         |
|                   | 0.55     | 1.10   | 0.55       | A06562    | <b>4.72</b>  | <b>1.55</b>  | <b>7.05</b>  |
|                   | 1.10     | 2.10   | 1.00       | A06563    | 1.49         | 0.28         | 1.91         |
|                   | 2.10     | 2.90   | 0.80       | A06564    | 2.19         | 0.71         | 3.26         |
| 1210-128-OAC-RW-3 | 0.00     | 0.87   | 0.87       | A06565    | <b>14.20</b> | <b>2.44</b>  | <b>17.86</b> |
|                   | 0.87     | 1.74   | 0.87       | A06567    | 2.62         | 0.44         | 3.28         |
|                   | 1.74     | 2.94   | 1.20       | A06568    | 0.34         | 0.23         | 0.69         |
| 1210-128-OAC-RW-5 | 0.00     | 0.50   | 0.50       | A06572    | <b>4.58</b>  | <b>0.59</b>  | <b>5.47</b>  |

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|--------------------|----------|--------|------------|-----------|--------------|-------------|--------------|
|                    | 0.50     | 1.10   | 0.60       | A06573    | 0.22         | 0.07        | 0.33         |
|                    | 1.10     | 1.45   | 0.35       | A06574    | 0.39         | 0.03        | 0.44         |
|                    | 1.45     | 2.55   | 1.10       | A06575    | <b>4.35</b>  | <b>0.64</b> | <b>5.31</b>  |
| 1210-128-XCUT-LW-1 | 0.00     | 1.30   | 1.30       | A06577    | <b>4.96</b>  | <b>1.11</b> | <b>6.63</b>  |
|                    | 1.30     | 2.80   | 1.50       | A06578    | 0.23         | <b>0.18</b> | 0.50         |
| 1210-128-XCUT-LW-2 | 0.00     | 0.90   | 0.90       | A06579    | 0.30         | <b>0.12</b> | 0.48         |
|                    | 0.90     | 2.40   | 1.50       | A06581    | 0.33         | <b>0.12</b> | 0.51         |
| 1210-128-XCUT-LW-3 | 0.00     | 0.50   | 0.50       | A06582    | 0.40         | 0.07        | 0.51         |
|                    | 0.50     | 0.88   | 0.38       | A06583    | <b>37.60</b> | <b>2.42</b> | <b>41.23</b> |
|                    | 0.88     | 1.23   | 0.35       | A06584    | 0.06         | 0.03        | 0.11         |
|                    | 1.23     | 2.23   | 1.00       | A06585    | 0.45         | <b>0.11</b> | 0.62         |
| 1210-128-XCUT-LW-4 | 0.00     | 0.33   | 0.33       | A06587    | <b>39.00</b> | <b>7.13</b> | <b>49.70</b> |
|                    | 0.33     | 1.08   | 0.75       | A06588    | 0.27         | 0.05        | 0.35         |
|                    | 1.08     | 1.44   | 0.36       | A06589    | <b>10.30</b> | <b>3.13</b> | <b>15.00</b> |
|                    | 1.44     | 2.24   | 0.80       | A06591    | <b>10.30</b> | <b>3.02</b> | <b>14.83</b> |
| 1210-128-XCUT-LW-5 | 0.00     | 0.33   | 0.33       | A06592    | 0.12         | 0.03        | 0.17         |
|                    | 0.33     | 1.33   | 1.00       | A06593    | <b>10.20</b> | <b>2.07</b> | <b>13.31</b> |
|                    | 1.33     | 2.48   | 1.15       | A06594    | <b>15.70</b> | <b>4.26</b> | <b>22.09</b> |
| 1210-128-XCUT-RW-1 | 0.00     | 1.00   | 1.00       | A06595    | <b>2.52</b>  | <b>2.25</b> | <b>5.90</b>  |
|                    | 1.00     | 2.30   | 1.30       | A06597    | 0.35         | 0.10        | 0.50         |
| 1210-128-XCUT-RW-2 | 0.00     | 0.75   | 0.75       | A06598    | 0.12         | 0.04        | 0.18         |
|                    | 0.75     | 1.55   | 0.80       | A06599    | <b>29.70</b> | <b>0.94</b> | <b>31.11</b> |
|                    | 1.55     | 2.30   | 0.75       | A06601    | <b>50.00</b> | <b>4.38</b> | <b>56.57</b> |
| 1210-128-XCUT-RW-3 | 0.00     | 0.60   | 0.60       | A06602    | <b>16.40</b> | <b>0.71</b> | <b>17.47</b> |
|                    | 0.60     | 1.35   | 0.75       | A06603    | <b>20.00</b> | <b>1.85</b> | <b>22.78</b> |
|                    | 1.35     | 1.65   | 0.30       | A06604    | <b>19.70</b> | <b>2.90</b> | <b>24.05</b> |
|                    | 1.65     | 2.00   | 0.35       | A06605    | 0.68         | <b>0.11</b> | 0.85         |
| 1210-128-XCUT-RW-4 | 0.00     | 0.80   | 0.80       | A06607    | 0.33         | 0.09        | 0.47         |
|                    | 0.80     | 1.20   | 0.40       | A06608    | 0.33         | 0.04        | 0.39         |
|                    | 1.20     | 1.92   | 0.72       | A06609    | 0.07         | 0.05        | 0.15         |
| 1210-128-XCUT-RW-5 | 0.00     | 0.60   | 0.60       | A06611    | <b>4.81</b>  | <b>0.37</b> | <b>5.37</b>  |
|                    | 0.60     | 1.50   | 0.90       | A06612    | 0.58         | 0.15        | 0.81         |
|                    | 1.50     | 2.35   | 0.85       | A06613    | 0.07         | 0.04        | 0.13         |

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| Sample Line        | From (m) | To (m) | Length (m) | Sample ID | Au g/t       | Cu %        | Au Eq g/t    |
|--------------------|----------|--------|------------|-----------|--------------|-------------|--------------|
| 1210-128-XCUT-RW-6 | 0.00     | 0.57   | 0.57       | A06614    | <b>2.58</b>  | <b>0.98</b> | <b>4.05</b>  |
|                    | 0.57     | 1.19   | 0.62       | A06615    | 0.24         | 0.11        | 0.41         |
|                    | 1.19     | 2.12   | 0.93       | A06617    | 0.13         | 0.24        | 0.49         |
| 1210-132-OAC-LW    | 0.00     | 1.10   | 1.10       | A06412    | 0.47         | 0.23        | 0.82         |
|                    | 1.10     | 2.20   | 1.10       | A06413    | <b>3.09</b>  | <b>0.99</b> | <b>4.58</b>  |
|                    | 2.20     | 2.50   | 0.30       | A06414    | 0.86         | <b>0.07</b> | 0.97         |
|                    | 2.50     | 3.00   | 0.50       | A06415    | <b>3.27</b>  | <b>0.93</b> | <b>4.67</b>  |
| 1210-132-OAC-RW    | 0.00     | 1.30   | 1.30       | A06416    | <b>31.70</b> | <b>5.79</b> | <b>40.39</b> |
|                    | 1.30     | 2.60   | 1.30       | A06417    | 2.37         | 1.04        | 3.93         |

*g/t = grams per tonne;*

*Au Eq g/t Calculated as per 2017 PEA Report as Au g/t + (Cu % x 1.5);*

*The widths of zones reported above are for vertical composite **sample** lengths, which may be different from the true width of the mineralized zone.*

The sample results are very positive and demonstrate that potentially economic grades of copper-gold mineralization are exposed on the faces in the mine. The results also serve to substantiate and provide confidence in the mineral resource as reported in the 2017 PEA report. The methodical mapping and sampling will provide the technical team to develop a mining plan based on the data gleaned from this work. The results will be used as a guide to minimize dilution of the mill feed from day one of trial mining.

Compilation of exploration data around the Lexington mine has highlighted areas with high potential for discovery of similar style gold-copper mineralization. Potential for at least two parallel zones of mineralization close to the Lexington Main zone are documented in the PEA, and potential has now been recognized for strike extension of these potential zones to the northwest at least as much as the known extent of the mine. There is a 1 km long trend of favourable host rocks that stretches from the Lexington mine across the border with Washington State and into the former Lone Star open pit mine, within which several historic drill intercepts of significant copper-gold mineralization occur. The favourable stratigraphy also extends over 3 kilometers to the northwest through the historic Lexington, Mable and Number 7 mines, where minimal past exploration drilling was done. Good potential for mineralization over significant widths also exists in the vicinity of the City of Paris historic mine that overlies the Lexington Main zone, as indicated by a chip sample collected in 2017 at a raise breakthrough from this mine. This sample was previously reported in news release dated 30 January 2018 but check assaying for gold returned a result of 18.0 grams per tonne gold over a sample width of 4.5 m; the original copper result was 0.42%.

#### Update on Work Completed

The mine operation has been staffed with a Mine Manager, Mine Superintendent, Heavy Duty Mechanic, Watchman, Mine Shift Boss and two miners as employees to maintain pumps, support technical work, and do repairs. Daily pumping is underway to maintain the water level at the 1166 level or bottom of the mine.

#### Physical work completed:

- West Portal: Surface area stripped of loose material and washed down to bedrock, new timber sets assembled to be installed shortly to complete the safe access from the west portal, new roof installed on mechanics shop, temporary toilet installed

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- Vent raise was retimbered and new ladders installed • Equipment: Mine personnel vehicles refurbished, fire suppression systems installed, scooptrams, longhole drill and jumbo moved to mine site and initial mechanical checks done
- East Portal: generator, compressor, mine office, mine dry and toilet facilities installed
- Ditching conducted on roads above East and West portals to control run-off water
- Large trees overhanging west laydown felled
- Mine lubricant storage sump facility refurbished
- Electrical motors in mill megger tested

Technical work completed:

- Geotechnical assessment of mine workings and diamond drill records, and rock bolt pull tests to formulate a Ground Control Management Plan
- Mine engineering studies to update the Mine Plan and Ventilation Plan
- Review of past grade control assay data
- Review of past mining stope development
- GIS compilation of prior exploration data initiated; new diamond drilling targets identified and drilling permit applications submitted
- Geotechnical assessments of the East and West Portals underway
- Geotechnical engineer engaged to prepare a waste dump operation, management and surveillance manual
- Environmental consultant engaged to prepare Environmental Management Systems for mine and mill
- Application submitted for power load reconnection with energy supplier to ensure timely startup
- A formal RFP (request for proposal) document is being prepared for engineering design to support permitting an upgrade of the processing and tailings facilities capacity to 400 Tonnes Per Day

The Company is ready to begin installation of mine infrastructure. However, prior to this, various updates to permit documents are required by the Ministry of Mines for the mine and mill. These include Environmental Management Systems, Water Quality Monitoring Plans, Waste Management Plans, Waste Rock and Tailings Management Plans, Erosion and Sediment Control Plan, Mine Plan, Ground Control Management Plan, Waste Dump Operation and Surveillance Manual, Invasive Plant Management Plans, Closure Management Manual, and Life of Mine Reclamation Programs.

In addition, the Ministry of Mines and Ministry of Environment recently conducted Environmental, Industrial Hygiene, Geotechnical and Reclamation site inspections of the mine and mill. BC has one of the highest safety and environmental standards in the world and new regulations have been put into place to improve environmental and safety standards since the mine and plant were constructed in 2008. The inspections identified items that need to be addressed before approval will be granted to operate. The Company will engage consultants and contractors as necessary to address the items listed below prior to restart of operations:

- Installation of new offices and wash/dry facilities
- Ventilation and lighting surveys and improvements
- Dust Control
- Emergency Wash Facilities
- Hazardous materials storage and handling
- Lead Exposure Control Program
- Refurbishment and Remediation Plan for Assay laboratory
- Health and safety programs (medical surveillance, hearing protection, safe work procedures)
- Confirmation of as-built dimensions for tailings impoundment
- Installation of a weather station

The samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Activation Laboratories (Act-Labs) in Kamloops, B.C. Activation Laboratories (Act-Labs) is an

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independent commercial laboratory that is ISO 9001 certified and ISO 17025 accredited. Analyses for gold were by the fire assay method using 30 gram samples with an AA finish. Fire assay gravimetric analyses were carried out on initial gold analytical results in excess of 30000 ppb gold. Other elements were analyzed by ICP-OES using an aqua regia digestion. Copper results above 0.75% were re-analyzed by peroxide fusion. Quality control was monitored using reference standard, blank and duplicate field samples inserted into the sample sequence at intervals.

*The Company would like to clarify that it has not based its decision to proceed to production on a feasibility study of mineral reserves demonstrating economic and technical viability. The Company cautions that, in such cases, there is increased uncertainty and higher economic and technical risks of failure.*

**Golden Crown Mine Property**

On October 31, 2017 the Company announced preliminary results from surface diamond drilling at its Golden Crown property. A further update was announced by the Company on December 04, 2017 with results for holes 1 to 19.

In a news release dated January 29, 2018, complete and final results were announced from 2017 surface diamond drilling at the Golden Crown property, part of the Greenwood Precious Metals Project.

Surface diamond drilling at the Golden Crown property in 2017 totaled 3,121 m drilled in 33 holes. Significant results are presented in the tables below.

**Table 3: Significant Results for Golden Crown Drill Holes 1 to 19**

| Hole      | From (m) | To (m) | Length (m) | Sampled Length | Gold (g/t) | Copper (%) | Silver (g/t) | Comment                                 |
|-----------|----------|--------|------------|----------------|------------|------------|--------------|-----------------------------------------|
| GC17-02   | 9.24     | 21.58  | 12.30      | 6.91           | 3.53       | 0.11       | N/S          | average (King)                          |
| including | 9.24     | 9.79   | 0.55       | 0.55           | 1.61       | NS         | NS           | sulphide veinlets                       |
|           | 9.79     | 14.02  | 4.23       | 0.89           | 1.08       | 0.13       | NS           | sulphide veinlets                       |
|           | 14.02    | 14.83  | 0.81       | 0.81           | 3.58       | 0.19       | NS           | Massive sulphide (King)                 |
|           | 14.83    | 17.00  | 2.17       | 0.59           | NS         | NS         | NS           | sulphide veinlets                       |
|           | 17.00    | 17.57  | 0.57       | 0.57           | 7.57       | 0.08       | NS           | massive sulphide (King)                 |
|           | 17.57    | 18.18  | 0.61       | 0.61           | 4.03       | 0.15       | NS           | massive sulphide (King)                 |
|           | 18.18    | 18.84  | 0.66       | 0.66           | 14.10      | 0.18       | NS           | massive sulphide (King)                 |
|           | 18.84    | 19.74  | 0.9        | 0.52           | 2.52       | 0.11       | NS           | massive sulphide (King)<br>57% recovery |
|           | 19.74    | 20.6   | 0.86       | 0.86           | 17.30      | 0.27       | NS           | massive sulphide (King)                 |
|           | 20.6     | 21.58  | 0.98       | 0.85           | 1.91       | NS         | NS           | sulphide veinlets                       |
| GC17-04   | 24.2     | 25.1   | 0.9        | 0.9            | 1.05       | NS         | NS           | sulphide veinlets                       |
|           | 41.47    | 42.47  | 1.0        | 1.0            | 1.04       | NS         | NS           | sulphide veinlets                       |
|           | 69.54    | 69.95  | 0.41       | 0.41           | 11.20      | 0.12       | NS           | massive sulphide (King)                 |
| GC17-05   | 14.65    | 21.60  | 6.95       | 6.95           | 6.77       | 1.18       |              | average (King)                          |
| including | 14.65    | 14.96  | 0.31       | 0.31           | 1.36       | 3.19       | 37.4         | massive sulphide (King)                 |

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| Hole    | From (m) | To (m) | Length (m) | Sampled Length | Gold (g/t)   | Copper (%)  | Silver (g/t) | Comment                              |
|---------|----------|--------|------------|----------------|--------------|-------------|--------------|--------------------------------------|
|         | 14.96    | 15.95  | 0.99       | 0.99           | NS           | NS          | NS           | sulphide veinlets                    |
|         | 15.95    | 16.92  | 0.97       | 0.97           | 0.51         | 0.60        | 9.0          | sulphide veinlets                    |
|         | 16.92    | 18.13  | 1.21       | 1.21           | 0.14         | 0.71        | 10.3         | sulphide veinlets                    |
|         | 18.13    | 18.44  | 0.31       | 0.31           | <b>16.90</b> | <b>4.15</b> | 72.7         | massive sulphide (King)              |
|         | 18.44    | 18.84  | 0.40       | 0.40           | <b>58.30</b> | <b>3.18</b> | <b>75.6</b>  | massive sulphide (King)              |
|         | 18.84    | 19.24  | 0.40       | 0.40           | <b>24.50</b> | <b>3.92</b> | <b>67.5</b>  | massive sulphide (King)              |
|         | 19.24    | 20.56  | 1.32       | 1.32           | 0.81         | 0.19        | 3.0          | sulphide veinlets                    |
|         | 20.56    | 20.82  | 0.26       | 0.26           | <b>18.80</b> | <b>3.47</b> | <b>59.9</b>  | sulphide veinlets                    |
|         | 20.82    | 21.28  | 0.46       | 0.46           | 2.72         | 0.57        | 9.7          | sulphide veinlets                    |
|         | 21.28    | 21.60  | 0.32       | 0.32           | 1.01         | 0.64        | 13.5         | sulphide veinlets                    |
| GC17-08 | 47.98    | 48.36  | 0.38       | 0.38           | 2.01         | 0.12        | NS           | sulphide veinlets                    |
|         | 79.96    | 80.52  | 0.56       | 0.56           | <b>12.60</b> | 0.26        | 2.9          | massive sulphide (Winnipeg)          |
|         | 80.52    | 81.22  | 0.7        | 0.7            | <b>7.55</b>  | 0.23        | 2.4          | massive sulphide (Winnipeg)          |
|         | 109.15   | 109.45 | 0.3        | 0.3            | 2.71         | NS          | NS           | sulphide veinlets                    |
| GC17-09 | 41.91    | 42.21  | 0.3        | 0.3            | <b>4.01</b>  | NS          | NS           | sulphide veinlets                    |
| GC17-10 | 69.56    | 79.06  | 0.5        | 0.5            | 3.26         | 0.35        | 5.4          | massive sulphide (King)              |
| GC17-11 | 30.38    | 31.18  | 0.80       | 0.80           | 1.98         | <b>3.72</b> | <b>92.8</b>  | massive sulphide (King)              |
|         | 46.90    | 47.65  | 0.75       | 0.75           | 1.67         | 0.11        | NS           | sulphide veinlets                    |
| GC17-12 | 56.42    | 56.70  | 0.28       | 0.28           | <b>6.75</b>  | NS          | NS           | massive sulphide (King)              |
|         | 60.20    | 60.70  | 0.50       | 0.50           | 2.45         | 0.09        | NS           | sulphide veinlets                    |
|         | 64.38    | 65.88  | 1.50       | 1.50           | <b>4.99</b>  | 0.12        | NS           | qtz-sulfide veins in serpentinite    |
|         | 72.68    | 73.38  | 0.70       | 0.70           | 1.74         | NS          | NS           | sulphide veinlets                    |
| GC17-13 | 41.0     | 42.13  | 1.13       | 1.13           | 2.51         | 0.15        | NS           | massive sulfide (King)               |
| GC17-14 | 33.88    | 34.45  | 0.57       | 0.57           | <b>27.20</b> | 0.11        | NS           | qtz-sulphide vein (Portal)           |
|         | 37.17    | 38.47  | 1.30       | 1.30           | <b>4.29</b>  | 0.07        | NS           | qtz-sulphide vein (Portal)           |
| GC17-15 | 22.32    | 22.80  | 0.48       | 0.48           | 2.34         | 0.10        | NS           | qtz-sulphide vein (Portal)           |
|         | 38.66    | 38.91  | 0.25       | 0.25           | 3.76         | NS          | NS           | qtz-sulphide vein (Portal)           |
|         | 41.00    | 41.50  | 0.50       | 0.50           | 1.30         | NS          | NS           | greenstone                           |
|         | 43.73    | 44.04  | 0.31       | 0.31           | 3.04         | 0.13        | NS           | qtz-sulphide vein (Portal)           |
|         | 49.86    | 50.13  | 0.27       | 0.27           | 1.16         | NS          | NS           | massive sulfide (Portal)             |
| GC17-16 | 27.00    | 27.73  | 0.73       | 0.73           | <b>7.21</b>  | 0.24        | NS           | qtz-sulphide vein (Portal)           |
|         | 39.53    | 39.90  | 0.37       | 0.37           | <b>7.20</b>  | NS          | NS           | qtz-sulphide vein (Portal)           |
|         | 45.00    | 45.33  | 0.33       | 0.33           | 1.13         | NS          | NS           | sulphide veinlets                    |
|         | 49.50    | 51.50  | 2.00       | 2.00           | <b>5.11</b>  | NS          | NS           | qtz-sulphide vein & diorite (Portal) |

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|---------|----------|--------|------------|----------------|--------------|------------|--------------|-----------------------------|
| GC17-18 | 31.25    | 31.55  | 0.30       | 0.30           | <b>41.40</b> | 0.17       | 5.9          | qtz-sulphide vein (SW Zone) |
| GC17-19 | 58.47    | 59.00  | 0.53       | 0.30           | <b>4.09</b>  | 0.81       | 6.5          | qtz-sulphide vein (SW Zone) |

**Table 4: Significant Results for 2017 Golden Crown Drill Holes 20 to 33**

| Hole           | From (m)      | To (m)        | Length (m)  | Sampled Length | Gold (g/t)   | Copper (%)    | Silver (g/t) | Comment                       |
|----------------|---------------|---------------|-------------|----------------|--------------|---------------|--------------|-------------------------------|
| <b>GC17-22</b> | <b>60.88</b>  | <b>62.62</b>  | <b>1.74</b> | <b>1.74</b>    | <b>11.11</b> | <b>0.23</b>   | <b>7.0</b>   | <b>average</b>                |
| including      | 60.88         | 61.18         | 0.30        | 0.30           | <b>13.40</b> | 0.58          | 8.3          | sulphide veinlets             |
|                | 61.18         | 61.88         | 0.70        | 0.70           | 0.28         | 0.11          | 2.0          | sulphide veinlets             |
|                | 61.88         | 62.31         | 0.43        | 0.43           | 0.93         | 0.21          | 6.5          | sulphide veinlets             |
|                | 62.31         | 62.62         | 0.31        | 0.31           | <b>47.50</b> | 0.16          | 17.6         | sulphide veinlets             |
| <b>GC17-22</b> | <b>70.65</b>  | <b>72.00</b>  | <b>1.35</b> | <b>1.35</b>    | <b>4.50</b>  | <b>0.12</b>   | <b>N/S</b>   | <b>average</b>                |
| including      | 70.65         | 70.94         | 0.29        | 0.29           | <b>15.60</b> | 0.35          | 4.2          | qtz sulphide vein             |
|                | 70.94         | 71.25         | 0.31        | 0.31           | 0.42         | 0.07          | 0.2          | sulphide veinlets             |
|                | 71.25         | 71.70         | 0.45        | 0.45           | 0.07         | 0.02          | NS           | sulphide veinlets             |
|                | 71.70         | 72.00         | 0.30        | 0.30           | <b>4.64</b>  | 0.10          | 1.1          | qtz sulphide vein             |
| GC17-23        | 79.67         | 80.00         | 0.33        | 0.33           | <b>10.80</b> | <b>0.93</b>   | 16.0         | sulphide veinlets             |
| <b>GC17-24</b> | <b>102.40</b> | <b>103.20</b> | <b>0.62</b> | <b>0.62</b>    | <b>16.50</b> | <b>1.33</b>   | <b>12.95</b> | <b>average</b>                |
| including      | 102.40        | 102.76        | 0.36        | 0.36           | <b>26.40</b> | <b>2.19</b>   | 20.5         | massive sulphide (South Zone) |
|                | 102.76        | 103.20        | 0.26        | 0.26           | <b>2.79</b>  | 0.14          | 2.5          | sulphide veinlets             |
| GC17-25        | 65.72         | 66.14         | 0.42        | 0.42           | <b>17.80</b> | <b>0.90</b>   | 12.0         | massive sulphide (South Zone) |
|                | 76.37         | 76.77         | 0.40        | 0.40           | <b>1.98</b>  | 0.08          | 1.2          | fault with qtz sulphide vein  |
|                | 83.25         | 83.60         | 0.35        | 0.35           | <b>6.58</b>  | 0.04          | 0.1          | fault gouge                   |
| <b>GC17-26</b> | <b>93.67</b>  | <b>94.67</b>  | <b>1.00</b> | <b>1.00</b>    | <b>14.2</b>  | <b>0.5385</b> | <b>11.3</b>  | <b>average</b>                |
| including      | 93.67         | 94.17         | 0.50        | 0.50           | <b>17.00</b> | 0.49          | 9.9          | massive sulphide (South Zone) |
|                | 94.17         | 94.67         | 0.50        | 0.50           | <b>11.40</b> | 0.58          | 12.7         | massive sulphide (South Zone) |
| GC17-27        | 80.77         | 81.63         | 0.86        | 0.86           | <b>2.04</b>  | 0.04          | 0.6          | Disseminated sulphides        |
| GC17-28        | 118.71        | 119.06        | 0.35        | 0.35           | <b>1.26</b>  | 0.04          | 0.7          | sulphide veinlets             |
| GC17-28        | 126.24        | 126.63        | 0.39        | 0.39           | <b>4.74</b>  | 0.59          | 7.3          | qtz sulphide veinlets         |
|                | 130.90        | 131.70        | 0.80        | 0.80           | <b>10.30</b> | 0.62          | 11.3         | massive sulphide (South Zone) |
|                | 135.14        | 135.47        | 0.33        | 0.33           | <b>4.14</b>  | 0.54          | 8.6          | massive sulphide (South Zone) |
|                | 142.68        | 143.06        | 0.38        | 0.38           | <b>1.06</b>  | 0.04          | 1.0          | sulphide veinlets             |
|                | 153.99        | 154.36        | 0.37        | 0.37           | <b>3.86</b>  | 0.33          | 4.0          | massive sulphide (South Zone) |
| GC17-29        | 77.91         | 78.21         | 0.30        | 0.30           | <b>14.80</b> | <b>1.43</b>   | 15.40        | massive sulphide (South Zone) |
|                | 80.04         | 80.35         | 0.31        | 0.31           | 1.43         | 0.05          | 0.6          | pyrite on fractures           |
|                | 83.60         | 84.00         | 0.40        | 0.40           | <b>4.33</b>  | 0.16          | 1.0          | massive sulphide              |

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|------------------|---------------|---------------|-------------|----------------|--------------|-------------|--------------|------------------------------------|
|                  |               |               |             |                |              |             |              | (South Zone)                       |
|                  | 93.83         | 94.14         | 0.31        | 0.31           | 3.12         | 0.08        | 1.0          | sulphide veinlets                  |
| <b>GC17-30</b>   | <b>58.15</b>  | <b>59.81</b>  | <b>1.66</b> | <b>1.66</b>    | <b>15.20</b> | <b>1.37</b> | <b>20.1</b>  | <b>average</b>                     |
| <i>including</i> | 58.15         | 58.63         | 0.48        | 0.48           | 24.20        | 1.83        | 30.9         | massive sulphide (South Zone)      |
|                  | 58.63         | 59.12         | 0.49        | 0.49           | 16.50        | 1.90        | 22.0         |                                    |
|                  | 59.12         | 59.51         | 0.39        | 0.39           | 4.66         | 0.23        | 3.6          |                                    |
|                  | 59.51         | 59.81         | 0.30        | 0.30           | 12.40        | 1.23        | 21.0         | qtz sulphide veinlets              |
| <b>G17-30</b>    | <b>62.30</b>  | <b>63.08</b>  | <b>2.28</b> | <b>2.28</b>    | <b>3.18</b>  | <b>0.11</b> | <b>1.2</b>   | <b>average</b>                     |
| <i>including</i> | 62.30         | 63.08         | 0.78        | 0.78           | 5.02         | 0.21        | 2.1          | sulphide veinlets                  |
|                  | 63.08         | 63.58         | 0.50        | 0.50           | 4.17         | 0.12        | 1.2          | sulphide veinlets                  |
|                  | 63.58         | 64.58         | 1.00        | 1.00           | 1.24         | 0.04        | 0.4          | sulphide veinlets                  |
| G17-30           | 70.42         | 71.54         | 1.12        | 1.12           | 1.26         | 0.06        | 0.4          | sulphide veinlets                  |
| GC17-31          | 6.83          | 7.73          | 0.90        | 0.90           | 2.92         | 0.18        | 3.0          | sulphide veinlets                  |
|                  | 12.66         | 13.1          | 0.44        | 0.11           | 3.68         | 0.60        | 12.5         | sulphide veinlets                  |
|                  | 16.39         | 17.23         | 0.84        | 0.84           | 1.01         | 0.02        | 3.0          | sulphide veinlets                  |
|                  | 60.43         | 60.75         | 0.32        | 0.32           | 1.62         | 1.80        | 26.7         | massive sulphide (Samaritan Zone)  |
|                  | 107.22        | 107.84        | 0.62        | 0.62           | 1.15         | 0.03        | NS           | disseminated sulphides             |
|                  | 149.63        | 149.95        | 0.32        | 0.32           | 2.45         | 0.16        | 1.3          | massive sulphide (King Zone)       |
| <b>GC17-31</b>   | <b>158.33</b> | <b>160.30</b> | <b>1.97</b> | <b>1.97</b>    | <b>1.62</b>  | <b>0.24</b> | <b>4.28</b>  | <b>average</b>                     |
| <i>including</i> | 158.33        | 159.38        | 1.05        | 1.05           | 1.14         | 0.08        | 1.1          | sulphide veinlets                  |
|                  | 159.38        | 159.8         | 0.42        | 0.42           | 1.80         | 0.36        | 4.6          | sulphide veinlets                  |
|                  | 159.8         | 160.3         | 0.50        | 0.5            | 2.46         | 0.50        | 10.7         | qtz sulphide vein                  |
| GC17-32          | 72.07         | 72.57         | 0.50        | 0.5            | 1.71         | 0.04        | 0.7          | sulphide veinlets                  |
|                  | 87.93         | 88.23         | 0.30        | 0.30           | 1.97         | 0.07        | 1.9          | sulphide veinlets                  |
| GC17-33          | 7.33          | 7.67          | 0.34        | 0.34           | 1.72         | 0.13        | 3.6          | sulphide veinlets                  |
|                  | 15.69         | 15.98         | 0.29        | 0.29           | 1.83         | 0.92        | 22.4         | qtz sulphide vein                  |
|                  | 75.45         | 75.76         | 0.31        | 0.31           | 1.02         | 0.126       | 2.3          | sulphide veinlets                  |
|                  | 113.63        | 113.94        | 0.31        | 0.31           | 15.7         | 0.699       | 10.2         | disseminated and veinlet sulphides |

NS = not significant; g/t = grams per tonne; qtz = quartz

The widths of zones reported above for the drill holes are **core** lengths, which may be different from true width. There is insufficient information at this time to accurately estimate the true width of the zones.

The 2017 drill holes reported above were designed to test the King, Winnipeg, Portal, Southwest and South zones. The drill program intersected zones of significant gold and copper associated with massive sulphide and quartz-sulphide veins and veinlets. Typical sulphide minerals include pyrrhotite, pyrite, chalcopyrite, and arsenopyrite in general order of abundance. Interesting gold values are also associated with veinlet-controlled and disseminated sulphides in the host rocks (meta-diorite, greenstone and serpentinite).

At least in part, the deposit now appears to consist of a field of multiple veins and veinlets, with the main vein structures identified as targets for underground development. Potential for open pit extraction exists where significant gold values occur in wall rocks adjacent to the main veins and near surface.

The 2017 drilling results intersected grades and widths similar to those previously reported for the Golden Crown deposit, encountered additional mineralization marginal to the known zones, and defined extensions to some of the zones tested.

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The Main Zone (King Vein and parallel lodes) was verified by intercepts in drill holes GC17-02, 04, 05, 10, 12 and 13. Drill holes GC17-11 and -31 hit the structure beyond the previously defined limits, with hole 31 possibly extending the MacArthur structure 68 m to the east.

The Winnipeg zone was intersected in drill hole GC17-09 and the Portal Zone was intersected in holes GC17-14, 15 and 16.

The MacArthur zone was intersected in holes GC17-31 and GC17-33 indicating the zone extends a further 28 m down dip than previously defined. The Samaritan Zone was also intersected in these holes, possibly defining the Samaritan Zone an additional 46 m further west and may extend up to 95 m to where sulphide mineralization was encountered in hole GC17-32.

The Southwest zone was intersected in drill holes GC17-18 and 19, which encountered mineralization up to 54 m below a 2004 surface trench on the structure.

The South Zone was confirmed by hole GC17-22 that intersected gold mineralization similar to that recorded in historic 1986 drilling. Holes GC17-23 to -26 indicate this zone extends 100 m further down dip, and in GC17-28 the zone was defined 28 m down dip and 17 m east of a 1986 drill hole intercept.

Further surface exploration drilling is scheduled to commence in the next few weeks, aimed at increasing the resource inventory, upgrading Inferred resources to Indicated category, and for new discoveries. Initial work will explore the western extension of the King zone, eastern extension of the MacArthur zone, infill and extend the Samaritan zone to the east, and explore east and west extensions of the Portal zone. The drill program will then progress to the JD Zone and the area between the Golden Crown mine property and JD, within a 3 km trend of anomalous soil geochemistry and surface mineral showings. The historic JD Zone is located 3 km west of the Golden Crown Mine and hosts quartz and sulphide veins similar to those intersected in the 2017 drilling. As reported in the news release dated October 18, 2017, gold values for individual 1 m wide surface rock chip samples from the JD area **range between 1.8 and 15.8 g/t gold, with an overall average of 7.4 g/t gold**. The table below shows weighted average results for consecutive samples (sample traverses) from the JD area in 2017.

**Table 5: Averaged results for consecutive surface rock chip samples at JD area (2017)**

| Sample Traverse | Sampled Length (m) | Gold (g/t)   | Copper (%) | Silver (g/t) |
|-----------------|--------------------|--------------|------------|--------------|
| 1               | 2.0                | <b>10.70</b> | 0.01       | 3.0          |
| 2               | 2.0                | <b>2.36</b>  | 0.01       | 0.5          |
| 3               | 2.0                | <b>8.31</b>  | 0.03       | 3.7          |
| 4               | 1.5                | <b>10.64</b> | 0.01       | 6.1          |
| 5               | 4.0                | <b>5.87</b>  | 0.16       | 28.8         |

The Golden Crown property lies 3 km from the Greenwood Processing Plant and is planned to be mined and processed at the plant after the Lexington mine is brought online. The Company is continuing with permitting an underground mine and bulk sampling in 2018 leading to full production from the Golden Crown Mine.

In addition, surface rock chip sampling was conducted in late fall of 2017 at the Lexington property. The surface outcrop of the historic City of Paris mine consists of a quartz-sericite altered zone containing disseminated pyrite. A chip sample across this zone returned significant grade and width (**14.50 grams per tonne gold over 4.5 m true width**). This result warrants further investigation to determine the extent of mineralization remaining in this historic mine.

**DISCUSSION:**

The numerous mineralized zones on the Greenwood Precious Metals Project (15,400 hectares), as evidenced by the 34 historic mines including the large scale historic Phoenix copper-gold mine and our present exploration results, all point to the necessity to view this mining district holistically. It is believed that the many precious and base metal deposits on this property were triggered by several geological events, which formed a plethora of mineralization styles, thus requiring our geoscientists to remain open to all possibilities. The exploration effort is utilizing the state of art technology and is being conducted from a bird's eye perspective as well as a localized focused view to locate potential sources of the mineralization on the Greenwood Precious Metals Project. Importantly, the Greenwood Mining Camp is situated within an area of tectonic extension as evidenced by the Republic Toroda Grabens, which extend from south of the 49<sup>th</sup> parallel in the USA where they are associated with gold deposits in the prolific Republic Mining District. Past exploration efforts in the area of Greenwood Precious Metals Project were severely limited due to the fragmented claim holding situation. Now, due to our company's success in consolidating this prolific mining camp and the presence of a modern processing plant, the Company has the opportunity to produce precious and base metals in the immediate term. Our work over this year will continue towards production at the Lexington and Golden Crown properties, and at the same time conduct an all-inclusive geological assessment of the district aimed at discovering additional resources to prolong the life of the operation.

The Company is rapidly progressing towards start-up of mining operations at the Lexington mine, located 17km south of the Greenwood Processing Plant, with de-watering now complete and mine planning and geotechnical assessments being conducted prior to initial mining. The Greenwood Processing Plant will be wet commissioned once the mining operation is underway. The Company is also awaiting assay results to quantify the test work completed in December utilizing new state-of-the-art product/waste separation sensor sorting technology provided by Steinert US Inc.

*All of the samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Activation Laboratories (Act-Labs) in Kamloops, B.C. Activation Laboratories (Act-Labs) is an independent commercial laboratory that is ISO 9001 certified and ISO 17025 accredited. Analyses for gold were by the fire assay method using 30 gram samples with an AA finish. Fire assay gravimetric analyses were carried out on initial gold analytical results in excess of 30000 ppb gold. Silver and other elements were analyzed by ICP-OES using an aqua regia digestion. Copper results above 1% were re-analyzed by peroxide fusion. Results above 100 g/t silver were re-analyzed in duplicate for ore grade concentrations by the Fire Assay gravimetric method using a 30 gram sample. Quality control was monitored using reference and blank samples inserted into the sample sequence at intervals. Check analyses are being performed on selected samples.*

**The Boundary Falls Property**

On March 14, 2013, the Company entered into an option agreement to earn a 100% interest in the Boundary Falls property, located in the Greenwood mining district of British Columbia. The Company acquired a 100% interest to three claims as well as a 100% interest in the May Mac mine and related facilities for a one-time payment of 1,000,000 shares in the common stock of the Company. The property is subject to a net smelter royalty of 3%.

On March 24, 2015, the Company entered into a purchase agreement to acquire 100% interest in the Amigo property for consideration of \$10,000 and 200,000 common shares (valued at \$16,000). The property is adjacent to the Boundary Falls claims and is included in the current Boundary Falls Project. The Amigo Property compliments the Company's Boundary Falls Property and has three historic adits located approximately 1 km south of the Company's 100% owned historic May Mac mine and the existing associated mill and tailings pond. On March 31, 2017, to compliment the Company's 100% owned Amigo Property, all remaining cells of mineral claim tenure number 513773 were acquired by issuing 100,000 shares of the Company's stock to the owner.

The Company is pursuing the exploration and development of the May Mac mine and

mill/concentrator/tailings facility, which are located on mining leases and surrounding mineral claims. This processing facility has a capacity of 100 tonnes per day of mill feed. The historic May Mac mine produced silver, gold, lead and zinc. Historic production from the mine was encouraging enough for the Company to commence exploration drilling from surface, followed by underground drilling. Permit applications for underground drifting and drilling and for bulk sampling were submitted to the Ministry of Mines and are currently being reviewed.

#### *May Mac Silver-Gold Mine*

The Boundary Falls property hosts the May Mac silver-gold mine and related processing facilities – a permitted mine with a 100-tonne-per-day gravity and flotation mill and a tailings pond which was in operation intermittently until the late 1990's. The facility is accessed via Crowsnest Highway, 2 km west of the city of Greenwood and via a 2-km secondary road on the Boundary Falls property. The facility has all infrastructures including a hydro power line to the mill site, located within 100 m of the No.7 adit of the May Mac mine.

#### *The History of the May Mac mine*

The history of the May Mac mine began with intermittent development and mining between 1904 and 1983, producing approximately 4,228 tonnes of ore, averaging 5.4 g/t Au and 227 g/t Ag. Production was directly shipped to the smelter at Trail, B.C. Note that all production data are historic in nature.

The Upper Skomac veins are hosted within a thinly-bedded and locally sheared, carbonaceous argillite unit, with a strike of 310 degrees to 320 degrees azimuth, and dips of 40 degrees to 60 degrees northeast. The main shear zone appears to vary between 3.0 and 4.0 m wide but may be wider. Mineralized quartz veins occur within the shear zone. The main vein varies from 0.3 m to 3.0 m in width, averaging 0.9 m, but narrow, discontinuous veins and veinlets tend to occur throughout the full adit width.

The Upper May Mac mine is accessed by four adits (No.4, No.5, No.6 and No.7). The No.4 adit was apparently driven in 1904 and is reported to have produced about 809 tonnes grading approximately 3,430 parts per million ("ppm") Ag (equivalent to grams per tonne) between 1904 and 1937. The No.5 adit, driven about 12 m lower in elevation in 1962, was developed and stoped out to the No.4 level. Access is presently barred by caving. The No.6 adit, driven in 1974 and collared about 30 m below the No.5, was the longest adit developed. It was driven along the main structure for about 215 m and encountered four mineral zones. During the productive years, the four zones, including the A-A, A, B and C zones, and constituting approximately 40 per cent of the adit length, were considered sufficiently wide and high enough grade to be economically mined.

In 1976, the No.7 adit was driven at an elevation of about 60 m below the No.6 adit but failed to encounter significant mineralization. It has since been determined that this adit was driven on a barren vein, and 30 m to 50 m in the footwall of the main, productive vein, leaving the main vein as a prominent exploration and development target.

#### Current Exploration

Beginning in October of 2015, the Company started surface diamond drilling on the Boundary Falls property. Drilling campaigns have been conducted in each of the following years including underground drilling in both 2016 and 2017. These drill programs tested the known silver and gold bearing zones and explored for parallel veins.

#### *May Mac mine - Underground Exploration*

The No.6 and 7 levels have been rehabilitated and excavation of three diamond drill stations on the No.7 level was completed. One test hole was drilled with a jackleg drill from the end of the No.7 drift to locate the Skomac vein. While drilling this hole, the cuttings sludge was sampled every 1.2 m. Significant results were obtained for two consecutive samples from the hole, penetrating the highly mineralized Skomac vein system, as follows:

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Percussion Test Hole at End of No.7 Drift: Drilled at Azimuth 060, inclination +40 degrees

| Sample Type | From (m) | To (m) | Length (m) | Ag (g/t)     | Au g/t      | Pb (%) | Zn (%) | Cu (%) |
|-------------|----------|--------|------------|--------------|-------------|--------|--------|--------|
| Sludge      | 4.9      | 6.1    | 1.2        | <b>156.0</b> | <b>3.04</b> | 2.91   | 1.1    | 0.33   |
| Sludge      | 6.1      | 7.3    | 1.2        | <b>135.0</b> | <b>7.95</b> | 0.6    | 1.3    | 0.08   |

*Note that information gained from this method of drilling and sampling produces an approximate measure of the vein location and grade. The results indicate the vein was penetrated and substantial mineralization is present within 5 m from the termination of adit No.7. The results are not suitable for accurate grade estimation because the drilling and sampling method is susceptible to material loss.*

Underground diamond drilling commenced November 20th, 2016 on the No.7 level and a total of 805 m was cored in 9 drill holes. The first hole was drilled horizontally from the end of the No.7 adit to see how far the drift must be extended to intersect the vein. The remaining holes were collared in drill Station No.3, 35 m from terminus of the No.7 adit, to intersect the vein above and below the level.

In a news release dated January 16, 2017, the Company announced results from its 2016 underground drilling program, and revised results for one surface step-out hole at its 100% owned May Mac mine.

Repeat analyses on surface hole BF 16-26 indicate the original fire assay results announced in a news release dated December 12, 2016 were biased low. Additional check assays were done on a highly mineralized intercept for silver, gold and base metals by the same laboratory. Three splits from one high grade sample (M253097) were re-analyzed for Ag by Fire Assay and 4Acid digestion assay. The repeat analyses indicate the original fire assay result was biased low. For gold, replicate analyses by fire assay with gravimetric finish verified the initial reported result by FA-ICP. Check assays for lead show that for samples with >5% Pb the 4Acid "near-total" digestion technique is not appropriate, as it shows a significantly low bias, and that an Aqua Regia digestion or Peroxide Fusion assay is required for full Pb recovery. No bias was detected in the analyses for zinc and copper. In summary, check assays returned much higher values for silver and lead. Revised values for the intercept are:

Hole BF16-26: 177.47-183.54 (6.07 m), 133.6 g/t silver, 0.54 g/t gold, 3.6% lead, 1.5% zinc

Including: 177.94-178.90 (0.96 m), 688 g/t silver, 1.18 g/t gold, 19.0% lead, 7.0% zinc.

This intercept is from a very significant 100 m step-out hole along the north-westerly trend of the Skomac vein system. The hole not only demonstrates the northwest strike extension, but also extends the vein to 13 m below the No.7 adit level. It indicates that mineralization similar to that historically mined from the upper levels of the mine is present down to the No.7 level, and that the mineralization continues along strike and is open to the northwest. Further surface drill testing will test the extent of the mineralized zone.

*Notes: The widths of zones reported above for the drill holes are core lengths, which may be different from true width. There is insufficient information at this time to accurately estimate the true width of the zones.*

*Samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Actlabs in Kamloops, B.C. Actlabs is an independent commercial laboratory that is ISO 9001 certified and ISO 17025 accredited. Analyses for gold were by the fire assay method using 30 gram samples with an ICP-OES finish. Silver and other elements were analyzed by ICP-OES using a near total, four-acid digestion. Results above 100 g/t silver were re-analyzed for ore grade concentrations by the Fire Assay method using a 30 gram sample. Results above 0.5% for lead and zinc were re-analyzed by assay grade, four acid "Near-Total" digestion, with ICP-OES finish for Zn, and Aqua Regia digestion or Peroxide Fusion assay for Pb. Quality control was monitored using reference and blank samples inserted into the sample sequence at intervals.*

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Nine underground diamond drill holes totalling 805 m were drilled at the May Mac mine to test for mineralized zones on the Skomac vein and to test for parallel veins. All nine holes intersected the target Skomac vein indicating that the Skomac vein mineralization continues down to and below the No.7 level.

| Hole No.   | From (m) | To (m) | Length (m) | Ag (g/t)     | Au g/t      | Pb (%)     | Zn (%)     | Cu (%) |
|------------|----------|--------|------------|--------------|-------------|------------|------------|--------|
| MU16-01    | 17.45    | 19.78  | 2.33       | <b>131.3</b> | <b>2.34</b> | 0.6        | 0.4        | 0.1    |
| Including* | 18.68    | 19.78  | 1.10       | <b>250.0</b> | <b>4.96</b> | <b>1.2</b> | <b>0.9</b> | 0.2    |
| MU16-02    | 24.09    | 24.64  | 0.50       | <b>132.0</b> | 0.14        | <b>1.9</b> | <b>1.6</b> | 0.5    |
| MU16-03    | 18.38    | 18.87  | 0.49       | 21.1         | 0.55        | N/S        | 0.1        | N/S    |
| MU16-04    | 17.0     | 17.5   | 0.5        | 57.5         | 0.32        | 0.7        | <b>1.1</b> | 0.1    |
| MU16-05    | 32.92    | 34.42  | 1.50       | <b>176.5</b> | 1.06        | <b>3.2</b> | 1.1        | 0.3    |
| MU16-06    | 69.28    | 70.04  | 0.76       | <b>173.0</b> | 0.22        | <b>2.7</b> | <b>2.5</b> | 0.1    |
| MU16-07    | 23.40    | 23.84  | 0.44       | <b>105.0</b> | 0.15        | <b>3.7</b> | 0.3        | N/S    |
| MU16-08    | 34.57    | 35.00  | 0.43       | 84.8         | 0.20        | 0.6        | 0.1        | N/S    |
| MU16-09    | 55.30    | 55.78  | 0.48       | <b>151.0</b> | <b>2.97</b> | 0.9        | 0.7        | 0.1    |
| MU16-09    | 58.54    | 58.94  | 0.40       | <b>152.0</b> | 0.40        | <b>4.5</b> | <b>1.7</b> | 0.1    |

Drill hole MU16-01, penetrating from the end of No.7 level along the line of the tunnel, intersected the Skomac vein at 18 m. Extending the No.7 drift 18 m will intersect this mineralized zone. The remaining holes (MU16-02 to 9) were drilled on a fan pattern to the northeast from drill station No.3, the deepest of three drill stations excavated in 2016.

In a news release dated April 25, 2017, the Company announced updated results from underground drilling underway at its 100% owned May Mac mine. A total of 3,834 m have been drilled in 31 underground diamond drill holes completed since late 2016. Of this, 3,028 m in 22 holes has been completed in 2017. All of the holes were drilled in the May Mac mine to test the mineralized Skomac vein and parallel veins. Significant results up to hole MU17-10 were previously disclosed in a press release dated March 6, 2017 (updated Table 1 below). Significant results obtained for holes MU17-11 to 21 are reported in Table 2 below, including one new result for hole MU17-10. Significant results from surface drilling in 2016 (previously released) are included in Table 3 below.

Holes MU17-10 to 13 were the last holes drilled from the 3<sup>rd</sup> drill station excavated on the No.7 level. Holes MU17-10 and MU17-11 tested the Skomac vein below No.7 level and as well as the deeper Rose vein. Hole MU17-12 tested the Skomac vein between No.6 and No.7 levels, and intersected an extension of a mineralized shoot originating around the No.6 level. MU17-13 was drilled to the west of the Skomac vein to test for parallel structures.

Holes MU17-14 to MU17-23 were drilled from the second drill station excavated on the No.7 level to test the Skomac and Rose vein structures along strike to the southeast of previous holes drilled from drill station No.3 and below No.7 level. The higher grades intersected in hole MU17-16 correlate with up to 10 - 15% combined pyrite-sphalerite-galena mineralization in a banded quartz vein. Hole MU17-21 intersected quartz veinlets and stringers with semi-massive mixed sulphides.

The results received to date indicate that the Skomac vein system is mineralized beyond, above and below the No.7 adit, i.e. along strike and up and down dip. Significant silver-gold mineralization has now been identified approximately 70 m to the northwest, 20 m above, and up to 120 m below the No.7 adit.

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**Table 6: Significant Intercepts from Underground Drilling in 2016 and 2017**

| <b>Hole No.</b> | <b>From (m)</b> | <b>To (m)</b> | <b>Length (m)</b> | <b>Ag (g/t)</b> | <b>Au g/t</b> | <b>Pb (%)</b> | <b>Zn (%)</b> | <b>Cu (%)</b> |
|-----------------|-----------------|---------------|-------------------|-----------------|---------------|---------------|---------------|---------------|
| MU16-01         | 17.45           | 19.78         | 2.33              | <b>131.3</b>    | <b>2.34</b>   | 0.6           | 0.4           | 0.1           |
| Including       | 18.68           | 19.78         | 1.10              | <b>250.0</b>    | <b>4.96</b>   | <b>1.2</b>    | <b>0.9</b>    | 0.2           |
| MU16-02         | 24.09           | 24.64         | 0.55              | <b>132.0</b>    | 0.14          | <b>1.9</b>    | <b>1.6</b>    | 0.5           |
| MU16-03         | 18.38           | 18.87         | 0.49              | 21.1            | 0.55          | N/S           | 0.1           | N/S           |
| MU16-04         | 17.0            | 17.5          | 0.5               | 57.5            | 0.32          | 0.7           | <b>1.1</b>    | 0.1           |
| MU16-04         | 19.2            | 19.7          | 0.5               | 69.0            | 0.41          | 0.1           | 0.6           | N/S           |
| MU16-05         | 32.92           | 34.42         | 1.50              | <b>176.5</b>    | 1.06          | <b>3.2</b>    | 1.1           | 0.3           |
| MU16-06         | 69.28           | 70.04         | 0.76              | <b>173.0</b>    | 0.22          | <b>2.7</b>    | <b>2.5</b>    | 0.1           |
| MU16-07         | 23.40           | 23.84         | 0.44              | <b>105.0</b>    | 0.15          | <b>3.7</b>    | 0.3           | N/S           |
| MU16-08         | 34.57           | 35.00         | 0.43              | 84.8            | 0.20          | 0.6           | 0.1           | N/S           |
| MU16-09         | 44.52           | 45.42         | 0.90              | <b>131.3</b>    | <b>2.34</b>   | 0.6           | 0.4           | N/S           |
| MU16-09         | 55.30           | 55.78         | 0.48              | <b>151.0</b>    | <b>2.97</b>   | 0.9           | 0.7           | 0.1           |
| MU16-09         | 58.54           | 58.94         | 0.40              | <b>152.0</b>    | 0.40          | <b>4.5</b>    | <b>1.7</b>    | 0.1           |
| MU17-01         | 32.05           | 33.61         | 1.56              | <b>235.0</b>    | <b>2.07</b>   | 0.8           | 1.4           | 0.2           |
| MU17-02         | 59.44           | 61.36         | 1.92              | <b>231.2</b>    | 0.51          | <b>5.9</b>    | <b>6.4</b>    | 0.3           |
| MU17-03         | 103.67          | 104.80        | 1.13              | 23.4            | 1.64          | 0.3           | 0.1           | N/S           |
| MU17-04         | 21.98           | 22.87         | 0.89              | 57.5            | 0.58          | 0.6           | 0.6           | 0.1           |
| MU17-05         | 32.67           | 33.72         | 1.05              | <b>174.0</b>    | <b>7.91</b>   | 0.5           | 0.4           | 0.1           |
| MU17-06         | 224.82          | 226.18        | 1.36              | 35.1            | <b>6.32</b>   | 0.3           | 0.6           | 0.1           |
| Including       | 225.72          | 226.18        | 0.46              | 79.5            | <b>14.55</b>  | 0.6           | 0.3           | 0.1           |
| MU17-07         | 62.70           | 63.20         | 0.50              | <b>371.0</b>    | <b>8.86</b>   | 0.7           | N/S           | 0.2           |
| MU17-07         | 76.68           | 77.28         | 0.60              | <b>111.0</b>    | 1.26          | <b>2.1</b>    | <b>3.8</b>    | 0.4           |
| MU17-07         | 82.10           | 82.80         | 0.70              | 23.2            | <b>3.77</b>   | 0.8           | <b>1.0</b>    | N/S           |
| MU17-08         | 50.77           | 52.13         | 1.36              | <b>149.0</b>    | 0.53          | <b>3.1</b>    | 0.5           | 0.1           |
| Including       | 51.62           | 52.13         | 0.51              | <b>338.5</b>    | <b>0.77</b>   | <b>6.9</b>    | <b>1.0</b>    | 0.2           |
| MU17-08         | 52.80           | 54.86         | 2.06              | <b>559.4</b>    | 1.27          | 0.2           | <b>2.1</b>    | 0.1           |
| Including       | 52.80           | 53.34         | 0.54              | <b>1935.0</b>   | <b>4.21</b>   | 0.7           | <b>7.1</b>    | 0.2           |
| MU17-09         | 188.71          | 190.07        | 1.36              | 2.0             | <b>2.61</b>   | N/S           | N/S           | N/S           |
| MU17-10         | 188.82          | 194.07        | <b>5.25</b>       | <b>81.1</b>     | 0.06          | <b>2.1</b>    | 0.6           | N/S           |
| Including       | 188.82          | 191.48        | 2.70              | <b>121.4</b>    | 0.07          | <b>3.5</b>    | <b>1.0</b>    | N/S           |
| MU17-10         | 195.78          | 196.78        | 1.00              | <b>86.0</b>     | 0.01          | <b>5.3</b>    | <b>1.6</b>    | N/S           |
| MU17-10         | 211.60          | 212.80        | 1.20              | <b>174.3</b>    | <b>8.20</b>   | <b>3.7</b>    | <b>2.6</b>    | 0.1           |
| Including       | 211.60          | 212.10        | 0.5               | <b>228.0</b>    | <b>19.65</b>  | <b>8.8</b>    | <b>6.2</b>    | 0.2           |
| MU17-10         | 218.37          | 219.87        | 1.50              | <b>98.0</b>     | 0.01          | 0.5           | 0.9           | 0.1           |
| MU17-10         | 221.89          | 223.86        | 1.97              | 18.33           | <b>3.11</b>   | <b>1.2</b>    | <b>3.5</b>    | 0.1           |
| MU17-10         | 226.40          | 227.72        | 1.32              | 37.5            | <b>6.76</b>   | <b>1.4</b>    | <b>2.2</b>    | 0.1           |

**Table 7: Significant Intercepts from Underground Drill Holes MU17-10 to MU17-22**

| Hole No.         | From (m)      | To (m)        | Length (m)  | Ag (g/t)     | Au g/t       | Pb (%)      | Zn (%)     | Cu (%)     |
|------------------|---------------|---------------|-------------|--------------|--------------|-------------|------------|------------|
| MU17-10          | 272.86        | 273.17        | 0.31        | 56.9         | 0.00         | <b>1.9</b>  | 0.4        | N/S        |
| MU17-12          | 30.93         | 31.39         | 0.46        | <b>335.0</b> | <b>7.53</b>  | 0.2         | 0.5        | N/S        |
| MU17-14          | 7.40          | 7.84          | 0.44        | 1.4          | 1.19         | N/S         | 0.1        | N/S        |
| MU17-14          | 65.97         | 67.5          | 1.53        | 49.0         | 1.63         | 0.1         | 0.6        | N/S        |
| MU17-14          | 89.96         | 90.60         | 0.64        | 77.5         | 0.58         | 0.1         | 0.6        | N/S        |
| MU17-14          | 105.92        | 108.49        | <b>2.57</b> | <b>252.6</b> | 0.93         | <b>9.9</b>  | <b>4.3</b> | 0.1        |
| <i>Including</i> | <i>107.20</i> | <i>108.49</i> | <i>1.29</i> | <i>494.5</i> | <i>1.21</i>  | <i>19.6</i> | <i>8.0</i> | <i>0.1</i> |
| MU17-14          | 129.00        | 129.56        | 0.56        | 49.5         | <b>12.55</b> | <b>1.4</b>  | <b>2.0</b> | 0.1        |
| MU17-14          | 141.43        | 143.06        | 1.63        | 5.7          | <b>3.28</b>  | N/S         | 0.1        | N/S        |
| MU17-14          | 149.45        | 150.00        | 0.55        | 11.6         | <b>2.65</b>  | 0.1         | 0.3        | N/S        |
| MU17-15          | 13.00         | 13.41         | 0.41        | 18.0         | 1.26         | 0.3         | 0.6        | N/S        |
| MU17-16          | 70.76         | 74.47         | <b>3.71</b> | <b>246.0</b> | <b>2.69</b>  | <b>1.3</b>  | <b>0.9</b> | 0.1        |
| <i>Including</i> | <i>72.00</i>  | <i>72.35</i>  | <i>0.35</i> | <i>472.0</i> | <i>4.42</i>  | <i>11.3</i> | <i>4.7</i> | <i>0.1</i> |
| <i>and</i>       | <i>72.85</i>  | <i>73.40</i>  | <i>0.55</i> | <i>911.0</i> | <i>9.53</i>  | <i>1.1</i>  | <i>1.0</i> | <i>0.2</i> |
| MU17-17          | 6.65          | 7.02          | 0.37        | 6.4          | <b>4.23</b>  | 0.1         | 0.4        | 0.1        |
| MU17-18          | 15.37         | 15.84         | 0.47        | <b>74.0</b>  | 0.30         | <b>1.2</b>  | <b>0.9</b> | 0.1        |
| MU17-21          | 11.94         | 12.33         | 0.39        | 22.5         | <b>6.12</b>  | <b>1.5</b>  | <b>1.2</b> | 0.1        |
| MU17-21          | 15.84         | 16.40         | 0.56        | <b>58.8</b>  | <b>16.17</b> | <b>2.3</b>  | <b>3.3</b> | 0.1        |
| <i>Including</i> | <i>15.84</i>  | <i>16.15</i>  | <i>0.31</i> | <i>90.5</i>  | <i>23.70</i> | <i>3.7</i>  | <i>5.5</i> | <i>0.1</i> |

Notes: 1) N/S: no significant result.

2) The widths of intervals reported above for the drill holes are core lengths, which may be different from true width. There is insufficient information at this time to accurately estimate the true width of the zones.

**Table 8: Significant Intercepts from 2016 Surface Drilling at May Mac**

| Hole No.         | From (m)      | To (m)        | Length (m)  | Ag (g/t)     | Au g/t      | Pb (%)      | Zn (%)         | Cu (%)     |
|------------------|---------------|---------------|-------------|--------------|-------------|-------------|----------------|------------|
| BF16-06          | 59.60         | 60.50         | 0.90        | 12.1         | 2.13        | 0.4         | <b>&gt;1.0</b> | N/S        |
| BF16-07          | 39.16         | 41.20         | 2.04        | 50.9         | 2.08        | >0.5        | <b>1.0</b>     | 0.2        |
| BF16-26          | 177.47        | 183.54        | <b>6.07</b> | <b>133.6</b> | 0.54        | <b>3.6</b>  | <b>1.5</b>     | N/S        |
| <i>Including</i> | <i>177.94</i> | <i>178.90</i> | <i>0.96</i> | <i>688.0</i> | <i>1.18</i> | <i>19.0</i> | <i>7.0</i>     | <i>N/S</i> |

Notes: 1) N/S: no significant result.

2) The widths of intervals reported above for the drill holes are core lengths, which may be different from true width. There is insufficient information at this time to accurately estimate the true width of the zones.

Samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Actlabs in Kamloops, B.C. Actlabs is an independent commercial laboratory that is ISO 9001 certified and ISO 17025 accredited. Analyses for gold were by the fire assay method using 30 gram samples with an ICP-OES finish. Duplicate gold analyses were performed on samples containing abundant visible sulphide mineralization. Silver and other elements were analyzed by ICP-OES using a near total, four acid digestion. Results above 100 g/t silver were re-analyzed in duplicate for ore grade concentrations by the Fire Assay method using a 30 gram sample. Samples containing significant visible lead and zinc mineralization were also analyzed by Peroxide Fusion assay for Pb, Zn and Cu. Quality control was monitored using reference and blank samples inserted into the sample sequence at intervals. Check analyses are being performed on selected samples.

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Significant results obtained for holes MU17-23 to 32 are reported in the table below. Holes MU17-23 to 28 were drilled from the second drill station excavated on the No.7 level. Holes MU17-23 to MU17-25 tested the Skomac vein below the No.7 level and as well as the deeper Rose vein. Holes MU17-26 and 27 tested the Skomac vein between No.6 and No.7 levels. MU17-28 was drilled to the west of the Skomac vein to explore for parallel structures.

Holes MU17-29 to MU17-32 were drilled from the first drill station excavated on the No.7 level. Hole MU17-29 to 31 tested the Skomac vein below #7 level and as well as the deeper Rose vein, while MU17-32 was drilled to the west to explore for parallel structures.

Collectively, the drilling results received to date indicate that the Skomac vein system is mineralized beyond, above and below the No.7 adit, i.e. along strike and up and down dip. Significant silver-gold mineralization has now been identified approximately 70 m to the northwest, 20 m above, and up to 152 m below the No.7 adit.

**Table 9: Significant results from underground drill holes (MU17-23 to 32)**

| Hole No.         | From (m) | To (m) | Length (m) | Ag (g/t)    | Au (g/t)    | Pb (%)     | Zn (%)     | Cu (%) |
|------------------|----------|--------|------------|-------------|-------------|------------|------------|--------|
| MU17-023         | 181.89   | 182.58 | 0.69       | 3.7         | <b>7.28</b> | NS         | NS         | NS     |
| MU17-025         | 16.35    | 17.34  | 0.99       | <b>84.5</b> | <b>2.19</b> | 0.3        | 0.12       | NS     |
| <i>including</i> | 16.35    | 16.93  | 0.58       | 85.4        | <b>2.85</b> | 0.5        | 0.16       | 0.1    |
| MU17-025         | 106.52   | 106.8  | 0.28       | 35.7        | 0.53        | 0.2        | <b>5.9</b> | 0.1    |
| MU17-029         | 114.6    | 115.21 | 0.61       | 28.5        | <b>7.88</b> | 0.1        | NS         | NS     |
| MU17-031         | 32.68    | 33.17  | 0.49       | 38.9        | 0.03        | 0.1        | NS         | 0.4    |
| MU17-031         | 35.42    | 35.78  | 0.36       | 1.3         | <b>2.56</b> | NS         | NS         | NS     |
| MU17-031         | 177.38   | 179.04 | 1.66       | <b>61.4</b> | 0.09        | 0.3        | 0.2        | 0.2    |
| <i>including</i> | 178.05   | 179.04 | 0.99       | <b>87.4</b> | 0.06        | 0.5        | 0.3        | 0.3    |
| MU17-031         | 183.46   | 184.17 | 0.71       | 21.2        | 0.64        | NS         | NS         | NS     |
| MU17-031         | 188.79   | 189.09 | 0.3        | <b>60.2</b> | <b>1.31</b> | 0.2        | 0.4        | NS     |
| MU17-031         | 190.86   | 191.16 | 0.3        | 32.4        | 0.65        | 0.4        | NS         | NS     |
| MU17-032         | 68.22    | 68.53  | 0.31       | 45.5        | 0.37        | <b>2.6</b> | <b>4.3</b> | NS     |

Notes: 1) N/S: no significant result.

2) The widths of intervals reported above for the drill holes are core lengths, which may be different from true width. There is insufficient information at this time to accurately estimate the true width of the zones.

Samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Actlabs in Kamloops, B.C. Actlabs is an independent commercial laboratory that is ISO 9001 certified and ISO 17025 accredited. Analyses for gold were by the fire assay method using 30 gram samples with an ICP-OES finish. Duplicate gold analyses were performed on samples containing abundant visible sulphide mineralization. Silver and other elements were analyzed by ICP-OES using a near total, four acid digestion. Results above 100 g/t silver were re-analyzed in duplicate for ore grade concentrations by the Fire Assay method using a 30 gram sample. Samples containing significant visible lead and zinc mineralization were also analyzed by Peroxide Fusion assay for Pb, Zn and Cu. Quality control was monitored using reference and blank samples inserted into the sample sequence at intervals. Check analyses are being performed on selected samples.

In a news release dated September 27, 2017, the Company announced that a limited surface diamond drilling program was completed at the May Mac mine after the successful and extensive underground drill program completed in late spring of this year. A total of 1,886 m was drilled in 8 holes from surface. The holes tested the northwest strike continuation of the Skomac vein system, with mineralized quartz veins intersected in 7 of 8 holes, and disseminated copper mineralization intersected in the overlying rock unit. Significant assay results were obtained in hole BF17-03, which intersected 1.13 g/t gold, 23.0 g/t silver and 0.7% lead over

0.36 m between 204.34 and 204.7 m depth. Previously unknown copper mineralization was intersected in hole BF17-08 between 45.0 and 45.79 m (0.79 m), which contained 0.24% copper.

*Drilling samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Bureau Veritas Minerals laboratory in Vancouver, B.C. Bureau Veritas is an independent commercial laboratory that is ISO 9001 certified. Analyses for gold were by the fire assay method using 30 gram samples with an ICP-ES finish. Duplicate gold analyses were performed on samples containing abundant visible sulphide mineralization. Silver and other elements were analyzed by ICP-ES using a near total, four acid digestion. Quality control was monitored using reference and blank samples inserted into the sample sequence at intervals. Check analyses are being performed on selected samples.*

The drilling results indicate the vein system extends significantly beyond the mine workings to at least 215 m to the northwest from the termination of the level 7 drift. Further drilling is warranted to test the structure for mineralized shoots. Due to the topography of the area, the vein system is covered by an increasing thickness of cover rocks along the northwest strike extension. This results in increased costs and difficulty in targeting the veins at depth. As such, the Company will conduct follow-up drilling from underground. A permit application for extension of the No.7 level of the mine and underground diamond drilling has been submitted to request approval for this program to proceed; however, the Company has concluded that focus on extracting mill feed from the Lexington mine is currently a higher priority.

In a news release dated March 15, 2017, the Company announced initial metallurgical results from an on-going laboratory test program relating to its 100% owned May Mac mine.

A sample suite of mineralized drill core rejects and quartered core samples originating from holes drilled in 2016 and 2017 at the May Mac mine was composited for metallurgical testing. The total weight of the composite sample was 16 kg. The head assay of the metallurgical composite for the main metals of interest is:

- 1.48 g/t Au, 124 g/t Ag, 0.19% Cu, 1.29% Pb and 1.48% Zn.

Precious metal recovery will be the primary focus of the metallurgical test program. Preliminary findings of initial testing are:

- Gold: Gravity recovered 49% Au, and flotation a further 49% into a bulk sulphide concentrate, resulting in a combined gravity and flotation recovery of 98%.
- Silver: Gravity and flotation recovery for silver was 97.7% of which 4.7%, reported to the gravity concentrate.

Overall, the initial results show very good bulk flotation recovery for precious metals following the flowsheet of the existing treatment circuit at the Company's 100% owned Greenwood mill. Flotation cleaning will now be tested in order to make a higher grade concentrate for sale. Optionally, cyanide leaching results after 48 hours retention indicate approximately half the silver was recovered, and with a gold recovery of 90%.

*Metallurgical samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to Bureau Veritas Laboratories (BV Minerals Division), Richmond, B.C. BV is an independent commercial laboratory that includes ISO 9001 certified and ISO 17025 accredited analytical services. Metallurgical testing is under the direction and supervision of qualified person, Mr. Frank Wright, P.Eng.*

The results indicate that precious metals can be efficiently recovered from the May Mac mineralization using gravity and flotation treatment. The Company's 100% owned Greenwood mill and concentrator, located approximately 15 km east of the mine, is capable of producing such concentrates. This supports the Company's intention to supply mill feed from the May Mac mine to the Greenwood mill, without having to perform any major modifications to the existing treatment facility.

**Kettle River Resources Properties**

In February 2017, the Company completed the acquisition of Kettle River Resources Ltd. from its original owner New Nadina Exploration Limited pursuant to an LOI dated October 17, 2016.

The Kettle River mineral properties consist of 51 mineral tenure claims held by Kettle River covering approximately 10,263 ha, 57 Crown grants with sub-surface rights covering the historic Phoenix mine (814 ha), 24 Crown grants (277 ha) with surface rights that include old town site lots from Phoenix and right of ways for old railroads, timbered surface land rights and the Tremblay Tailings (136 ha) as well as 20 Crown grants with sub-surface rights over historic mine workings in the Bluebell/Oro Denoro Eholt area. Also included is an extensive database representing 120 years of geological and mining information, comprised of files, records, reports and maps, rock specimen samples, and a core storage library.

The acquisition covers several significant historic mines, mineral deposits and exploration targets that have demonstrated by historic exploration and production, potential for resources to be defined and added to the resource inventory of Golden Dawn's Greenwood Precious Metals Project, and its recently acquired 200/400 tpd processing facility. Of particular interest are the Tam O'Shanter, Sylvester K, Tremblay Tailings, the Phoenix mine and Bluebell/Oro Denoro Eholt properties.

Tam O'Shanter was previously explored by Golden Dawn, where an Inferred Mineral Resource of 24,483,000 tonnes at an average grade of 0.53 g/t Au was defined in 2012, inclusive of the contiguous Wild Rose property.

The historic Phoenix mine was active between 1900 and 1978, with production totaling 21,552,284 tonnes of ore containing over 1,000,000 oz. of gold, 18,000,000 oz of silver and 575,000,000 lbs. of copper (BC MinFile). After closure, the property was purchased by Noranda Mines Ltd. and later by Kettle River.

The geological origin of the copper-gold deposits at Phoenix is traditionally thought to be replacement or skarn-type deposits formed by interaction between mineralized fluids and Brooklyn limestone unit. However, the source of the fluids has not been discovered and it is generally assumed that granitic rocks under the mine area produced the mineralizing solutions. In addition to excellent potential for discovery of new replacement type deposits, the inferred source intrusions are a high priority exploration target for porphyry copper gold deposits.

The Sylvester K zone was discovered in a 1983 drilling program during the Kettle River option. The mineralized zone can be traced on surface for about 150 m, and locally ranges up to 12 m in thickness. Grades are typically in the order of 8.5 g/t Au for the massive sulfide mineralization and 10 g/t Au for footwall style stringer mineralization. The mineralization is shown by drilling to be truncated at about 30 m depth by a flat fault. It is reported that 5,090 tonnes of material at an average grade of 5.1 g/t Au was mined from the Sylvester K in 1989 by Skylark Resources Ltd. under an option agreement that allowed extraction of up to 250,000 tonnes (Technical reports on the Greenwood Area Properties by L. Caron, P. Eng, 2005 and 2012).

As part of the due diligence on the KRR land package, seven channel samples were taken from the Sylvester K mine, located 3 km north of the Company's 200/400 tpd processing facility. Of these, the latter six samples were collected in a continuous line across the width of the massive sulphide zone and footwall quartz-pyrite veinlet stockwork (network). The average grade of this line of samples is 9.92 g/t gold over a true width of 15.2 m. Sample results are listed below.

**Table 10: Surface channel sample results from Sylvester K**

| Description      | Sample No. | Length (m) | Gold (g/t)  |
|------------------|------------|------------|-------------|
| massive sulphide | A2013245   | 2.00       | 7.67        |
| massive sulphide | A2013246   | 2.20       | 8.03        |
| stockwork        | A2013247   | 2.00       | <b>28.2</b> |
| stockwork        | A2013248   | 3.00       | 14.7        |
| stockwork        | A2013249   | 3.00       | 6.9         |
| stockwork        | A2013250   | 3.00       | 1.65        |
| stockwork        | J296551    | 2.00       | 3.47        |

Note: the widths of zones reported above for the drill holes are intercept lengths, which may be greater than true widths. There is insufficient information at this time to accurately estimate the true width of the zones.

*Samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered for analysis to Actlabs in Kamloops, B.C. Analyses for gold were by the fire assay method using 30 gram samples with an ICP-OES finish. Silver and other elements were analyzed by ICP-OES using a near total, four acid digestion. Results above 100 g/t silver were re-analyzed for ore grade concentrations by the Fire Assay method using a 30 gram sample. Quality control was monitored using certified reference and blank samples inserted into the sample sequence at regular intervals.*

The Phoenix Tailings are comprised of three separate tailings sites situated on two claim blocks covering a total area of 413 ha. Historical production records indicate that a total of approximately 13.2 million tonnes of tailings were produced during the operation. The results of metallurgical studies on material from two holes drilled into tailings indicate that re-grinding and cleaner flotation would produce a concentrate grading approximately 18% copper and 207 g/t gold (BC MinFile). Although very encouraging, considerably more information is required to assess the tailings resource and economic viability of tailings re-processing.

The Bluebell/Oro Denoro Eholt property has a long history of exploration and mining dating from the mid 1890's, when mineralization was discovered at the Emma, R. Bell, B.C., and Oro Denoro mines. In 1995-96, Kettle River discovered high grade gold associated with silicification and veining within limestone, near the historic R. Bell mine (the Summit showing).

These acquisitions add significant mineral rights and upside potential to the Company's 100% owned May Mac, Lexington and Golden Crown Mines, and are all within a 15 km radius of the Company's Greenwood Mill.

#### Technical Report

In a News Release dated June 20, 2017 the Company announced completion of a National Instrument 43-101 Technical Report on the Greenwood Area Property that includes the newly acquired Kettle River Resources properties, and including information compiled from the extensive library of exploration data assembled by Kettle River on the Greenwood Mining District, plus site visits to the properties.

The Kettle River mineral claims total 11,000 ha, covering 78 mineral showings including 29 historic metal mines. All of the historic mines are less than 150 m in depth with the majority being less than 50 m deep. In addition to potential extensions to known deposits, large areas of the Greenwood Area Property remain under-explored. Early exploration was focused on copper and little exploration work has been conducted in the last 20 years.

The Kettle River acquisition also includes an extensive catalogued library of records from over 100 years of exploration and development. The data, much of it proprietary, is invaluable for assessing the mineral showings in light of new structural and metallogenic models.

These historic copper-gold deposits are clustered in two areas: the Phoenix and Summit camps. This localized grouping of occurrences suggests the two areas may overlie porphyry copper-gold related source

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intrusions, with the copper-gold deposits generated by metal-rich hydrothermal fluids that ascended from the intrusions.

The majority of mineralization in the Greenwood Camp can be classified as copper-gold skarns or skarn – related. Early pre-1919 exploration in the Greenwood camp focussed on such massive sulphide/oxide ores that were self-fluxing and could be shipped directly to smelters. Lower grade footwall stringer mineralization was largely ignored, as the mines wished only to ship high grade ore. As such there is excellent potential to discover large tonnage deposits of low to moderate grade copper-gold skarn material peripheral to the historic mines. In addition, since most of the historic mines were focussed on copper, iron-rich skarn zones of mineralization were largely ignored. It will be important to re-evaluate all of the skarn deposits for gold.

**Table 11: Past Producing Mines and Mineral Occurrences (Kettle River Acquisition)**

| Property      | Minfile   | Northing | Eastings | Model        | Commodity         | Production (Tonnes) |
|---------------|-----------|----------|----------|--------------|-------------------|---------------------|
| Phoenix       | 082ESE020 | 5438785  | 383228   | Skarn        | Cu-Au-Ag          | 21,552,283          |
| Rawhide       | 082ESE026 | 5438732  | 384281   | Skarn        | Cu-Au-Ag          | 855,634             |
| Snowshoe      | 082ESE025 | 5439164  | 384331   | Skarn        | Cu-Au-Ag          | 545,129             |
| Brooklyn      | 082ESE013 | 5440016  | 383093   | Skarn        | Ag-Au-Cu          | 292,834             |
| Emma          | 082ESE062 | 5443063  | 386967   | Skarn        | Cu-Au-Ag-Gr-Mo-Co | 241,538             |
| Oro Denoro    | 082ESE063 | 5442630  | 387019   | Skarn        | Cu-Au-Ag-Co       | 123,782             |
| Stemwinder    | 082ESE014 | 5439926  | 383333   | Skarn        | Cu-Au             | 105,336             |
| B.C. Mine     | 082ESE060 | 5443204  | 389159   | Skarn        | Cu-Au-Ag          | 93,874              |
| Grey Eagle    | 082ESE018 | 5438536  | 383324   | Skarn        | Fe-Cu             | 45,360              |
| Skylark       | 082ESE011 | 5438910  | 380288   | Poly Vein    | Ag-Pb-Zn+-Au      | 38,761              |
| Last Chance   | 082ESE216 | 5439276  | 379099   | Vein         | Au-Ag-Pb-Zn       | 704                 |
| Bay           | 082ESE005 | 5438408  | 379202   | Poly Vein    | Ag-Pb-Zn+-Au      | 447                 |
| Marshall      | 082ESE031 | 5441016  | 382930   | Skarn        | Au-Cu-Pb,Zn       | 370                 |
| Bluebell      | 082ESE188 | 5443134  | 388063   | Skarn        | Cu-Au-Ag          | 353                 |
| R.Bell        | 082ESE064 | 5441827  | 388523   | Skarn/Vein   | Cu-Ag-Au          | 287                 |
| Cyclops       | 082ESE122 | 5442111  | 386724   | Skarn(strat) | Zn-Pb-Ag-Cu       | 259                 |
| Crescent      | 082ESE012 | 5440073  | 379360   | Vein Meso    | Ag-Pb-Zn+-Au      | 250                 |
| Mavis         | 082ESE027 | 5438129  | 379277   | Vein         | Ag-Au             | 29                  |
| Prince Henry  | 082ESE250 | 5438915  | 378625   | Vein         | Ag-Au-Pb-Zn       | 19                  |
| Preston       | 082ESE249 | 5439725  | 379718   | Vein         | Ag-Pb-Zn+-Au      | 16                  |
| Gold Drop     | 082ESE028 | 5439105  | 384168   | Skarn        | Cu-Au             | 12                  |
| Tam O'Shanter | 082ESE130 | 5438870  | 373754   | Vein         | Cu-Au-Ag-Pb-Mo    | 3                   |

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**Table 11: Past Producing Mines and Mineral Occurrences (Kettle River Acquisition) (Cont.)**

| Property      | Minfile   | Northing | Easting | Model           | Commodity    | Production (Tonnes) |
|---------------|-----------|----------|---------|-----------------|--------------|---------------------|
| Aetna         | 082ESE022 | 5439027  | 384476  | Skarn           | Cu-Au-Ag     | Part of Phoenix     |
| Curlew        | 082ESE024 | 5438913  | 384508  | Skarn           | Cu-Au-Ag     | Part of Phoenix     |
| Monarch       | 082ESE027 | 5438619  | 383812  | Skarn           | Cu-Au-Ag     | Part of Phoenix     |
| Old Ironsides | 082ESE021 | 5439494  | 383324  | Skarn           | Cu-Au-Ag     | Part of Phoenix     |
| Victoria      | 082ESE023 | 5439333  | 383625  | Skarn           | Cu-Au-Ag     | Part of Phoenix     |
| War Eagle     | 082ESE019 | 5438625  | 383324  | Skarn           | Fe-Cu        | Part of Phoenix     |
| Gilt Edge     | 082ESE015 | 5440225  | 383826  | Skarn           | Cu           | N/A                 |
| Lake          | 082ESE003 | 5439330  | 379425  | Poly Vein       | Ag-Pb-Zn+-Au | N/A                 |
| May Alice     | 082ESE197 | 5441175  | 371596  | Skarn           | Cu           | N/A                 |
| Niagara       | 082ESE065 | 5440546  | 392391  | unknown         | unknown      | N/A                 |
| Pac           | 082ESE194 | 5441826  | 388341  | Vein            | Au           | N/A                 |
| Rathmullen    | 082ESE059 | 5443710  | 390122  | Vein            | Cu-Ag-Au-Zn  | N/A                 |
| Stan          | 082ESE132 | 5442576  | 383673  | Skarn           | Cu-Mo        | N/A                 |
| Sylvester K   | 082ESE046 | 5440524  | 382798  | Skarn(hornfels) | Au           | N/A                 |
| Tokyo         | 082ESE257 | 5442636  | 389776  | Vein            | Cu-Ag-Au-Zn  | N/A                 |
| Yellow Jacket | 082ESE030 | 5438878  | 384711  | Skarn           | Cu-Au        | N/A                 |
| Iva Lenore    | 082ESE172 | 5438519  | 374213  | Vein            | Cu-Mo        | N/A                 |

**2017 Exploration**

On October 18, 2017, the Company reported rock chip sample results up to 1,700 g/t silver and up to 85 g/t gold from its Phoenix property (Kettle River acquisition) at the Greenwood Precious Metals Project.

The samples were collected over the past few months to verify the presence and grade of mineralization at a number of prospects and historic mines on the Phoenix and Golden Crown properties, which were acquired late last year and early this year. Significant results for gold, silver and base metals are presented in the table below from a suite of 86 rock samples. Most of the samples were chip samples collected across mineralized zones in outcrops, which are considered to be representative samples across their reported widths. Only a few samples are grab (spot) samples that may not be representative of average grades. The results affirm gold and silver values of economic interest in veins and wall rocks at various prospects.

**Table 12: Rock chip sample result highlights**

| Sample  | Length (m) | Gold g/t     | Silver g/t    | Copper %    | Lead %      | Zinc %      | Prospect    |
|---------|------------|--------------|---------------|-------------|-------------|-------------|-------------|
| G208937 | 1.0        | <b>4.68</b>  | 3.1           | <b>0.11</b> | 0.00        | 0.00        | Sylvester K |
| G208938 | 1.0        | <b>25.50</b> | 7.5           | <b>0.14</b> | 0.00        | 0.01        | Sylvester K |
| G208939 | 1.0        | <b>10.90</b> | 5.1           | 0.02        | 0.00        | 0.00        | Sylvester K |
| G208942 | 1.0        | <b>1.61</b>  | 5.3           | 0.01        | 0.09        | 0.02        | JD          |
| G208943 | 1.0        | <b>15.80</b> | 4.9           | 0.00        | 0.00        | 0.01        | JD          |
| G208946 | 1.0        | <b>8.26</b>  | 7.1           | <b>0.10</b> | 0.01        | 0.01        | JD          |
| G208947 | 1.0        | <b>5.59</b>  | 1.1           | 0.01        | 0.00        | 0.01        | JD          |
| G208949 | 1.0        | <b>4.59</b>  | 0.8           | 0.00        | 0.00        | 0.00        | JD          |
| G208953 | 1.0        | 0.27         | 4.2           | <b>0.32</b> | 0.00        | 0.01        | Emma        |
| G208954 | grab       | 0.08         | 4.2           | <b>0.12</b> | <b>0.15</b> | <b>4.15</b> | Cyclops     |
| G208955 | 1.0        | 0.05         | 3.4           | <b>0.13</b> | 0.09        | 0.05        | Lancashire  |
| G208956 | 1.0        | <b>2.68</b>  | <b>1700.0</b> | 0.07        | <b>0.41</b> | <b>0.22</b> | MinnieMoore |
| G208957 | 0.4        | <b>85.90</b> | <b>29.8</b>   | 0.01        | 0.00        | 0.00        | Summit      |
| G208962 | 1.0        | <b>12.70</b> | 5.6           | 0.07        | 0.00        | 0.00        | JD          |
| G208963 | 1.0        | <b>3.92</b>  | 1.8           | 0.00        | 0.00        | 0.00        | JD          |

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| Sample    | Length (m) | Gold g/t     | Silver g/t   | Copper %    | Lead %       | Zinc %      | Prospect     |
|-----------|------------|--------------|--------------|-------------|--------------|-------------|--------------|
| G208965   | 1.0        | <b>4.99</b>  | 3.0          | 0.01        | 0.00         | 0.00        | JD           |
| G208966   | 0.5        | <b>2.12</b>  | 1.2          | 0.01        | 0.00         | 0.01        | JD           |
| G208967   | 1.0        | <b>14.90</b> | 8.5          | 0.01        | 0.01         | 0.01        | JD           |
| G208972   | 1.5        | <b>4.80</b>  | <b>17.0</b>  | <b>0.19</b> | 0.09         | 0.04        | JD           |
| G208973   | 1.0        | <b>14.30</b> | 2.3          | <b>0.11</b> | 0.00         | 0.02        | JD           |
| G208975   | 1.0        | <b>1.82</b>  | 7.1          | <b>0.29</b> | 0.02         | 0.03        | JD           |
| G208976   | 1.0        | <b>6.89</b>  | <b>104.0</b> | <b>0.16</b> | <b>1.53</b>  | 0.04        | JD           |
| G208982   | 1.0        | 0.56         | 2.4          | <b>0.22</b> | 0.00         | 0.02        | Gilt Edge    |
| G208983   | 1.5        | 0.65         | 1.9          | <b>0.13</b> | 0.00         | 0.02        | Gilt Edge    |
| G208988   | grab       | 0.30         | <b>16.1</b>  | <b>1.09</b> | BD           | 0.01        | Hartford     |
| G208997   | 1.0        | 0.52         | 1.8          | <b>0.12</b> | 0.00         | 0.02        | Gilt Edge    |
| G208998   | 1.0        | 0.71         | 1.4          | <b>0.12</b> | 0.00         | 0.02        | Gilt Edge    |
| A06355    | grab       | <b>4.51</b>  | BD           | 0.01        | BD           | 0.00        | JD           |
| A06375    | 1.0        | <b>3.79</b>  | <b>503.0</b> | 0.01        | <b>17.50</b> | <b>0.18</b> | Mavis        |
| A06381    | grab       | <b>45.10</b> | 7.7          | <b>0.16</b> | 0.00         | 0.00        | Bay          |
| A06382    | 1.0        | 0.32         | <b>23.9</b>  | <b>0.31</b> | 0.02         | 0.04        | Maple Leaf   |
| A06383    | 1.0        | 0.91         | <b>46.2</b>  | <b>0.41</b> | 0.08         | <b>0.22</b> | Tokyo        |
| G208936   | 1.0        | <b>1.91</b>  | 5.0          | <b>0.33</b> | BD           | 0.02        | Gilt Edge    |
| G208951   | 1.0        | <b>1.13</b>  | <b>49.0</b>  | <b>2.09</b> | BD           | 0.06        | Golden Crown |
| G208952   | 0.5        | <b>5.87</b>  | BD           | <b>0.08</b> | BD           | BD          | Golden Crown |
| *A2013246 | 2.2        | 8.03         | 4.8          | <b>0.10</b> | NS           | NS          | Sylvester K  |
| *A2013247 | 2.0        | 28.2         | 6.3          | <b>0.12</b> | NS           | NS          | Sylvester K  |
| *A2013248 | 3.0        | 14.7         | 2.2          | NS          | NS           | NS          | Sylvester K  |
| *A2013249 | 3.0        | 6.9          | 1.3          | NS          | NS           | NS          | Sylvester K  |
| *A2013250 | 3.0        | 1.65         | 0.7          | NS          | NS           | NS          | Sylvester K  |
| *J296551  | 2.0        | 3.47         | 1.3          | NS          | NS           | NS          | Sylvester K  |

\* Samples collected in 2016 (results previously reported).

BD = below detection, NS = not significant

Samples reported above were collected under the supervision of Dr. Mathew Ball, P.Geo. and delivered to either Bureau Veritas Minerals laboratory in Vancouver, or to Actlabs in Kamloops, B.C. Bureau Veritas is an independent commercial laboratory that is ISO 9001 certified. Analyses for gold were by the fire assay method using 30-gram samples with an ICP-ES finish. Duplicate gold analyses were performed on samples containing abundant visible sulphide mineralization. Silver and other elements were analyzed by ICP-ES using a near total, four acid digestion. Actlabs is an independent commercial laboratory that is ISO 9001 certified and ISO 17025 accredited. Analyses for gold were by the fire assay method using 30-gram samples with an AA finish. Fire assay gravimetric analyses was done on initial gold analyses that assayed in excess of 5000 ppb gold. Silver and other elements were analyzed by ICP-OES using an aqua regia digestion. Results above 100 g/t silver were re-analyzed in duplicate for ore grade concentrations by the Fire Assay gravimetric method using a 30-gram sample. Samples containing significant visible lead and zinc mineralization were also analyzed by Peroxide Fusion assay for Pb, Zn and Cu. For both labs, quality control was monitored using reference and blank samples inserted into the sample sequence at intervals. Check analyses are being performed on selected samples.

Collectively, the surface sampling results verify that significant gold-silver and gold-copper mineralization is present at numerous properties within the Greenwood Precious Metals Project. The results indicate that Sylvester K, JD, Minnie Moore, Summit, Gilt Edge and Oro Denoro deposits warrant follow-up detailed exploration including surface drilling. These prospects all lie within 10 km of the Greenwood processing

plant, which is key to the economics of the area. Any resources that may be outlined would likely become sources of feed for this plant.

### **Exploration and Development Plans**

#### **Golden Crown Mine**

The Company will resume its surface diamond drilling program at the Golden Crown mine, which is permitted for up to 10,000 m. The purpose of the drill program is to conduct infill drilling and to explore for additional resources along extensions of known zones and to discover new zones. The program will be extended to include the JD area. The Company will also submit a permit application to refurbish the Golden Crown mine and conduct underground exploration, with a view to start trial mining.

#### **Lexington Mine**

Dewatering of the Lexington mine was completed in January of 2018. The volume of water required to be pumped each day to maintain the workings is greater than originally anticipated and a permit amendment application has lodged. The western portal entrance is being rebuilt and the mechanic's shop on surface has been refurbished. Permanent mine services will be installed to facilitate mining operations. Compilation of historic exploration data is being done and exploration drilling for extensions to the mine is in the planning stage.

#### **Greenwood Mill**

At the Company's 100% owned 200/400 tpd processing plant, work was done in 2017 including site clean-up and refurbishment of small mobile equipment. Cost estimates and time required for wet commissioning of the mill were obtained and the Company plans to start this process once feed material is available from underground mine operations.

The permit for operating the Greenwood processing plant received from the BC Ministry of Energy and Mines requires a number of management plans to be in place before operations can proceed. In 2018 the Company has been working with its environmental consultant to fulfill these requirements.

The Company engaged a Qualified Professional as Engineer of Record for the Tailings facility, and a second Qualified Professional to form an Independent Tailings Review Board (ITRB). A site examination of the tailings facility by the ITRB was conducted in June 2017, which recommended that small tears that exist in the tailings liner should be repaired, some of which are beneath the current water level. The Company completed the liner repairs in late 2017.

In 2017, the Company was advised by the B.C. Ministry of Environment that a discharge permit will be required for the Greenwood Process Plant. Initial discussions indicated that permitting could proceed as the plant was brought into operation. In 2018, the Ministry advised the Company the permit must be in place prior to operations starting. The Company engaged its environmental consultant to supply related information to the Ministry for review, and to expedite this permitting.

The Company is also currently in negotiations with local First Nations Osoyoos Indian Band (OIB) to update an original agreement between the OIB and the previous owner signed in 2008 for the Golden Crown, Lexington mines and mill. The Company has received an initial letter of support from the OIB and believes that a mutually beneficial working relationship will develop between the First Nations and the Company. Towards this end, the Company has agreed to a Negotiation Protocol Agreement to provide funding to the OIB for negotiations.

The Company cautions that except for the tasks completed as outlined in the above narrative, the time line and success to implement the Company's objectives are subject to approval by governmental agencies, regulatory approvals, adequate financing, and an agreement with local First Nations.

**Boundary Falls (including May Mac Mine)**

The Company is continuing work on permit applications at the May Mac mine to extend the No.7 level and do additional underground diamond drilling, and bulk sampling of up to 10,000 tonnes.

**Phoenix and Tam O'Shanter Properties (Kettle River Resources)**

Surface investigations and compilation of historic data were done in 2017 for most of the 29 historic mines. The Phoenix mine, which produced nearly 1 million ounces of gold and 235,700 tonnes of copper, along with 49 documented mineral showings remain to be examined in detail. These properties were acquired with the purchase of Kettle River Resources Ltd.

**Summary**

The Company's milestones to be passed for the year 2018 are:

1. Complete management documents required by permits for the Lexington mine and Greenwood Process Plant, with a view to trial mining in the 4th quarter of 2018. Commence trail mining at Lexington and deliver feed to the Greenwood Processing Plant.
2. Further evaluate the potential for pre-concentration sorting by testing a larger sample from the Lexington deposit.
3. Obtain a discharge permit from the Ministry of Environment as required for the Greenwood Process Plant and tailings facility.
4. Obtain permits for exploration in the area west of the Golden Crown, the Phoenix property and the Lexington property.
5. Initiate permitting for a bulk sample and mining from the Golden Crown mine, and for future expansion of the Greenwood Process Plant to allow processing up to a rate of 400 tonnes per day.
6. Continue activities to permit extension of the May-Mac's No.7 adit by 100 - 200 m followed by additional drilling and a resource estimate (maiden resource). Also continue activities to permit a bulk sample from the May Mac mine and to process this sample in the Company's Greenwood mill.
7. Complete an exploration program on the Golden Crown property extending to the JD area west of the Golden Crown mine, continue exploration of the Phoenix property, and initiate exploration in areas surrounding the Lexington Mine. These programs are designed to discover additional mill feed for the Greenwood Process Plant.
8. Initiate a new Preliminary Economic Assessment technical reports on the J&L Property.

Dr. Mathew Ball P.Geo., Chief Operating Officer of the Company and a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, has reviewed and approved the technical information contained in this MD&A.

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**EXPLORATION AND EVALUATION ASSETS**

|                                | Boundary<br>Falls | Greenwood<br>Project | Kettle River<br>Project | Iron<br>Ridge<br>Property | J&L<br>Project | Total             |
|--------------------------------|-------------------|----------------------|-------------------------|---------------------------|----------------|-------------------|
|                                | \$                | \$                   | \$                      | \$                        | \$             | \$                |
| At November 30, 2016           | 2,585,714         | 322,379              | 95,000                  | -                         | -              | 3,003,093         |
| Acquisitions costs             | 32,000            | -                    | 1,515,008               | -                         | -              | 1,547,008         |
| Reclamation provisions         | 45,300            | -                    | -                       | -                         | -              | 45,300            |
| Exploration expenditures       |                   |                      |                         |                           |                |                   |
| Amortization                   | 16,500            | 20,919               | -                       | -                         | -              | 37,419            |
| Assay                          | 84,989            | -                    | 2,287                   | -                         | -              | 87,276            |
| Camp                           | -                 | 420,145              | -                       | -                         | -              | 420,145           |
| Consulting                     | 23,450            | 127,064              | 9,268                   | -                         | -              | 159,782           |
| Core storage                   | -                 | 129,409              | -                       | -                         | -              | 129,409           |
| Dewatering                     | -                 | 740,574              | -                       | -                         | -              | 740,574           |
| Drilling                       | 839,095           | 295,014              | -                       | -                         | -              | 1,134,109         |
| Engineering                    | 68,399            | 36,190               | -                       | -                         | -              | 104,589           |
| Environment                    | 28,114            | 13,239               | -                       | -                         | -              | 41,353            |
| Equipment                      | 38,121            | 2,034                | -                       | -                         | -              | 40,155            |
| Field expenses                 | 126,540           | 205,353              | 445                     | -                         | -              | 332,338           |
| First Nation                   | -                 | 65,722               | -                       | -                         | -              | 65,722            |
| General exploration            | 323,626           | 839                  | 5,115                   | -                         | -              | 329,580           |
| Geological                     | 172,851           | 69,796               | 29,283                  | -                         | -              | 271,930           |
| Metallurgy                     | 6,909             | 32,086               | 5,914                   | -                         | -              | 44,909            |
| Permitting                     | 22,955            | 5,504                | -                       | -                         | -              | 28,459            |
| Survey                         | 6,405             | 20,032               | -                       | -                         | -              | 26,437            |
| Tailing                        | -                 | 17,122               | -                       | -                         | -              | 17,122            |
| <b>As at November 30, 2017</b> | <b>4,420,968</b>  | <b>2,523,421</b>     | <b>1,662,320</b>        |                           |                | <b>8,606,709</b>  |
| Acquisitions costs             | -                 | -                    | -                       | 50,000                    | 280,000        | 330,000           |
| Reclamation provisions         | 3,500             | -                    | -                       | -                         | -              | 3,500             |
| Exploration expenditures       |                   |                      |                         |                           |                |                   |
| Amortization                   | 10,129            | 10,460               | -                       | -                         | -              | 20,589            |
| Assay                          | 43                | 30,118               | -                       | -                         | -              | 30,161            |
| Camp                           | 1,363             | 99,627               | -                       | -                         | -              | 100,990           |
| Consulting                     | -                 | 20,571               | -                       | -                         | -              | 20,571            |
| Core Storage                   | (533)             | 13,322               | -                       | -                         | -              | 12,789            |
| Dewatering                     | -                 | 727,226              | -                       | -                         | -              | 727,226           |
| Drilling                       | 2,110             | 249,147              | -                       | -                         | -              | 251,257           |
| Engineering                    | 44,403            | 196,615              | 2,633                   | -                         | -              | 243,651           |
| Environment                    | 1,247             | 18,102               | -                       | -                         | -              | 19,349            |
| Equipment                      | 1,144             | 6,871                | -                       | -                         | -              | 8,015             |
| Field expenses                 | (1,843)           | 66,799               | -                       | -                         | -              | 64,956            |
| First Nation                   | -                 | 61,099               | -                       | -                         | -              | 61,099            |
| General exploration            | 106,173           | 311,315              | -                       | -                         | -              | 417,488           |
| Geological                     | 20,058            | 219,354              | 8,943                   | -                         | -              | 248,355           |
| Metallurgy                     | (3,461)           | 2,083                | 4,115                   | -                         | -              | 2,739             |
| Permitting                     | -                 | -                    | -                       | -                         | -              | -                 |
| Survey                         | -                 | 2,307                | -                       | -                         | -              | 2,307             |
| Tailing                        | -                 | 5,759                | -                       | -                         | -              | 5,759             |
| <b>As at May 31, 2018</b>      | <b>4,605,303</b>  | <b>4,564,193</b>     | <b>1,678,011</b>        | <b>50,000</b>             | <b>280,000</b> | <b>11,177,507</b> |

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Operating expenses decreased by \$268,953 from \$2,250,046 for the six months ended May 31, 2017 to \$1,981,093 for the six months ended May 31, 2018.

The following are the most significant movements in operating and administrative expenses for the six month period ended May 31, 2018:

- Financing costs for the six month period was \$425,915 (2017 - \$567,270) and related to interest on the senior convertible loan and the RIVI metal stream obligation.
- General and administrative expenses for the six month period was \$138,261 (2017 - \$142,962) included office rent, business trips conducted by the CEO for fund raising, company promotion and project due diligence, and office supplies.
- Corporate communication fees of \$465,332 (2017 - \$521,726) were slightly lower during the comparative six month period due to lower distribution and translation costs. Corporate communication activities consisted of hiring consultants, travels, participation in trade shows and road shows, arrangement of meetings with potential investors, arrangement of interview (articles, radio and TV), event planning, preparation and distribution of presentation and materials, market research and feedback, translation of materials between Germany and English, and etc., in both European and North American markets.
- Insurance expenses for the six months ended May 31, 2018 was \$71,028 (2017 - \$108,697). The insurance includes mining equipment and property insurance, directors' and officers' liability insurance, and office contents and liability insurance.
- Management, wages and salaries decreased by \$214,863 from \$527,124 for the six months ended May 31, 2017 to \$312,261 for the current six month period. The higher amount in the comparative period was mainly due to a board approved performance bonus accrued to the CEO.
- Professional fees of \$198,843 (2017- \$286,767) were higher in the comparative six month period due to increased year-end audit fees and legal fees related to the short-form prospectus, senior convertible loan and metal stream obligation.
- Share-based compensation of \$293,855 (2017 - \$Nil) related to the fair value of 500,000 stock options (2017 – Nil) granted during the current six month period.

Other items: During the six months ended May 31, 2018, the Company recorded a flow through share premium recovery of \$311,774 (2017 - \$38,716) and a loss on fair value adjustment of derivative liability of \$54,808 (2017 - \$308,577). During the six months ended May 31, 2018, the Company also recorded an unrealized gain on marketable securities of \$58,132 (2017 - \$276,569).

**Three months ended May 31, 2018 and 2017**

Net loss: The Company had a net loss of \$815,007 for the three months ended May 31, 2018, compared to a loss of \$1,451,185 during the three months ended May 31, 2017.

Operating expenses decreased by \$280,030 from \$1,163,672 for the three months ended May 31, 2017 to \$883,642 for the three months ended May 31, 2018.

- Financing costs for the three month period was \$292,497 (2017 - \$480,030). The decrease is mainly due to the repayment of the Lind senior convertible loan in April 2018.
- General and administrative expenses for the three month period was \$64,336 (2017 - \$81,040) included office rent, business trips conducted by the CEO for fund raising, company promotion and project due diligence, and office supplies.
- Management, wages and salaries for the three month period was \$143,450 (2017 - \$175,058) included CEO and office staff payroll and benefits.

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- During the three months ended May 31, 2017, the Company spent \$216,545 (2017 - \$209,936) of corporate communication expenses. The lower corporate communication expenses in the current period are due to a review and renegotiation of fees paid to various communications consultants.
- Professional fees of 120,985 (2017- \$115,360) were mainly related to legal fees on various finance and corporate matters.

Other items: During the three months ended May 31, 2018, the Company recorded an unrealized gain on marketable securities of \$58,132 (2017 – loss of \$61,490), and a gain on fair value adjustment of derivative liability of \$12,566 (2017 – loss of \$234,099).

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operation results for the most recent eight quarters:

|                                   | Three month<br>period ended<br>May 31,<br>2018 | Three month<br>period ended<br>February 28,<br>2018 | Three month<br>period ended<br>November 30,<br>2017 | Three month<br>period ended<br>August 31,<br>2017 |
|-----------------------------------|------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Total assets                      | \$ 18,322,778                                  | \$ 18,105,560                                       | \$ 17,168,635                                       | \$ 14,624,098                                     |
| Exploration and evaluation assets | 11,177,507                                     | 10,203,946                                          | 8,606,709                                           | 6,814,542                                         |
| Plant and equipment               | 5,757,725                                      | 5,770,667                                           | 5,783,609                                           | 5,784,337                                         |
| Reclamation provision             | (711,025)                                      | (711,025)                                           | (711,025)                                           | (655,294)                                         |
| Metal stream obligation           | (5,152,316)                                    | (5,152,316)                                         | (5,152,316)                                         | (5,708,758)                                       |
| Working capital (deficiency)      | (2,843,732)                                    | (1,734,929)                                         | (1,484,972)                                         | (2,222,228)                                       |
| Shareholders' equity (deficiency) | 8,886,821                                      | 9,035,490                                           | 7,728,533                                           | 5,524,219                                         |
| Net loss and comprehensive loss   | (815,007)                                      | (846,996)                                           | (825,742)                                           | (2,152,686)                                       |
| Loss per share                    | (0.01)                                         | (0.01)                                              | (0.01)                                              | (0.02)                                            |

  

|                                   | Three month<br>period ended<br>May 31,<br>2017 | Three month<br>period ended<br>February 28,<br>2017 | Three month<br>period ended<br>November 30,<br>2016 | Three month<br>period ended<br>August 31,<br>2016 |
|-----------------------------------|------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Total assets                      | \$ 15,615,857                                  | \$ 13,967,636                                       | \$ 11,064,235                                       | \$ 4,152,101                                      |
| Exploration and evaluation assets | 5,995,196                                      | 5,093,244                                           | 3,003,393                                           | 2,503,327                                         |
| Plant and equipment               | 5,796,316                                      | 5,801,648                                           | 5,571,254                                           | -                                                 |
| Reclamation provision             | (655,294)                                      | (655,294)                                           | (655,294)                                           | -                                                 |
| Metal stream obligation           | (5,686,344)                                    | (3,837,056)                                         | -                                                   | -                                                 |
| Working capital deficiency        | (1,706,799)                                    | (2,818,785)                                         | (4,600,428)                                         | (193,793)                                         |
| Shareholders' equity (deficiency) | 5,801,016                                      | 5,629,011                                           | 4,987,841                                           | 2,847,367                                         |
| Net loss and comprehensive loss   | (1,451,185)                                    | (800,569)                                           | (2,117,958)                                         | (575,760)                                         |
| Loss per share                    | (0.01)                                         | (0.01)                                              | (0.04)                                              | (0.01)                                            |

## LIQUIDITY AND CAPITAL RESOURCES

The Company is in the exploration stage and therefore has incurred losses and negative cash flows from operations. To date, the Company has relied upon equity financing, trade credit, and to a minor extent, joint venture arrangements, to fund its exploration costs, acquisition of mineral claims and general operating activities.

The Company's ability to raise cash depends on capital market conditions, commodities price, and the results of ongoing exploration programs. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of

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any equity financing that may be undertaken will be negotiated by management as opportunities arise. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity.

The mining industry is capital intensive and there can be no certainty that the Company's existing cash balances, or the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of funds required to explore and develop any acquisitions. There is no assurance that the Company will be successful in obtaining funds it may require for its program or that the terms of any financing obtained will be acceptable.

The Company has devoted substantial effort to fundraising activities and has been able to secure funds to maintain its operations at a certain level. However, the Company's ability to raise cash depends on capital market conditions, commodities prices, and the results of exploration programs. In the event that the Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the classification of financial positions used.

The Company's working capital (deficiency) and deficit positions at May 31, 2018 and November 30, 2017 were as follows:

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|                              | May 31, 2018   | November 30, 2017 |
|------------------------------|----------------|-------------------|
| Working capital (deficiency) | \$(2,843,732)  | \$(1,484,972)     |
| Deficit                      | \$(24,517,123) | \$(23,074,525)    |

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The balance of cash available at May 31, 2018 was \$157,986 (November 30, 2017 - \$1,025,829).

## **TRANSACTIONS WITH RELATED PARTIES**

During the six months ended May 31, 2018, the Company entered into the following transactions with related parties.

a) \$90,000 (2017 - \$267,000) of management fees were accrued in Management, wages and salaries expense to a company controlled by the CEO. As at May 31, 2018, the Company owed \$41,083 (November 30, 2017 - \$10,523 payable to the company).

During the six months ended May 31, 2018, the company controlled by the CEO transferred 1,000,000 shares (500,000 post-consolidation) to Huakan on behalf of the Company pursuant to an option agreement on the J&L Property (Note 9e). The shares were valued at \$280,000.

b) Koios, a public company trading on the Canadian Securities Exchange which prior to the RTO, had common directors and officers to the Company, shared office space and administration services with the Company until April 2018. During the six months ended May 31, 2018, the Company charged Koios \$33,748 (2017 - \$72,649) for these services. During the same period, the Company acquired the Iron Ridge Property (Note 9d) from Koios by forgiving \$50,000 of debts.

During the year ended November 30, 2017, the Company received 1,674,301 special warrants from Koios (Note 5) to settle inter-company debts totaling \$125,573.

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As at May 31, 2018, a total receivable of \$49,809 (November 30, 2017 - \$66,060) from Koios was outstanding.

c) The Company paid \$14,716 (2017 - \$74,278) in management, wages and salaries to a director of the Company. As at May 31, 2018, \$2,040 (November 30, 2017 - \$3,540) was payable to the director.

d) The Company paid \$Nil (2017 - \$Nil) in management, wages and salaries to a director of the Company. As at May 31, 2018, \$3,000 (November 30, 2017 - \$3,000) was payable to the director.

e) The Company paid \$43,121 (2017 - \$31,681) to a company controlled by the CFO of the Company. As at May 31, 2018, \$14,368 (November 30, 2017 - \$7,181) was payable to the company.

f) The Company paid \$81,643 (2017 - \$77,213) to the COO of the Company for geological consulting fees and expenses. As at May 31, 2018, \$Nil (November 30, 2017 - \$12,715) was payable to the COO.

g) Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

## **OUTSTANDING SHARE DATA**

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

|               | Number of shares<br>Issued or issuable |
|---------------|----------------------------------------|
| Common shares | 69,952,345                             |
| Stock options | 5,637,500                              |
| Warrants      | 25,251,702                             |

## **Share consolidation**

On April 12, 2018, the Company consolidated its shares on a basis of one (1) post consolidated share for two (2) pre-consolidated shares. In this MD&A, reference to common shares and per share amounts has been stated on the post-consolidation basis.

## **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet items.

## **SUBSEQUENT EVENTS**

In June 2018, the Company closed a non-brokered private placement by issuing 2,721,111 non-flow through units at a price of \$0.27 per unit for total proceeds of \$734,700, of which \$530,000 was received as of May 31, 2018. Each unit consists of one common share and one transferable common share purchase warrant exercisable at \$0.35 for 36 months from the date of issuance. The Company may accelerate the expiry date of the Warrants if the volume weighted average closing price of the Shares of the Company on the TSX-V for 10 consecutive trading days exceeds \$0.55. The Warrants will expire 30 days from the Company giving notice of its election to accelerate expiry.

## **COMMITMENTS**

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The Company has entered into various lease agreements including for office space and for vehicles and equipment. Total lease commitments are provided below:

| 2018     | 2019     | 2020     | 2021     | 2022    |
|----------|----------|----------|----------|---------|
| \$94,070 | \$95,228 | \$95,396 | \$87,573 | \$6,909 |

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2018 reporting period. Those new standards have been assessed but are not expected to have any impact on the Company's financial statements.

All of the Company's significant accounting policies and estimates are included in Notes 3 and 4 of its audited consolidated financial statements for the year ended November 30, 2017.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, restricted cash, receivables, marketable securities, accounts payable and accrued liabilities, due to and from related parties, convertible debentures, promissory notes and senior convertible loan. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or currency risks arising from these financial instruments.

### Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

### Foreign exchange risk

The Company is exposed to foreign exchange risk as the Company has major financing arrangements in US dollars ("US\$"). The Company usually exchanges a large amount of US dollars into Canadian dollars upon receiving the US\$ funds and leave only a small US\$ balance in bank, as the Company's operation is primary in Canadian dollars. A change in the currency exchange rates between the US dollars and Canadian dollars could have a negative effect on the Company's results of operations, financial position or cash flows. As of May 31, 2018, the Company has total US\$ liabilities of approximately \$4,850,000. A 5% fall in the Canadian dollar against the US dollar would have resulted in an increase in the net loss of \$315,250.

The Company currently does not enter into foreign exchange hedging arrangements.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will be able to secure additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings.

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The

ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Interest rate risk*

Currently, the Company's long term debts all have fixed interest rates. The promissory notes bear interest at 6% per annum. The Company closed a metal purchase agreement and received US\$3,000,000 in February 2017 and an additional US\$1,000,000 in March 2017, bearing coupon interest of 10% per annum until the Company reaches three months of production at its Greenwood Precious Metals project.

*Fair value measurements of financial assets and liabilities*

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Fair values measured using unadjusted quoted prices in active markets for identical instruments

Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in Level 1

Level 3 – Fair values measured using inputs that are not based on observable market data

The carrying value of receivables, due to/from related parties, accounts payable and accrued liabilities, convertible debentures, senior convertible loan, and promissory notes approximate their fair values due to their immediate or short-term maturity. Cash, marketable securities and restricted cash are carried at fair value using a level 1 fair value measurement. The senior convertible loan is a hybrid financial instrument including embedded derivatives. The Company has elected to recognize the entire instrument at fair value through profit or loss using a level 3 fair value measurement. As such, the loan is recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to the statement of loss. The key inputs to the valuation of the fair value senior convertible loan are the Company's own share price, foreign exchange of US\$ and Canadian dollars and credit adjusted interest rate of the Company.

**RISKS AND UNCERTAINTIES**

The Company's principal activity is mineral exploration and the development of its mineral properties. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, metal prices, and economical risks.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

The Company has no significant source of operating cash flows and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources.

Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest, are in the exploration stages only, without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and only few properties which are explored are ultimately developed into producing mines.

Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of ore. If the Company's efforts do not result in any discovery of commercial ore, the Company will be forced to look for other exploration projects or cease operations.

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 material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

#### **MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **FURTHER INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).