



# **GOLDEN HARP**

R E S O U R C E S I N C

**GOLDEN HARP RESOURCES INC.**

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

## **INTRODUCTION**

Golden Harp Resources Inc. was incorporated in the Province of British Columbia on May 3, 2006 and is extra-provincially registered in the Province of Ontario and the Province of Alberta. It is engaged in the acquisition, exploration and development of Canadian mineral properties. The Company is currently exploring for gold and base metals on its Copper Hill Property in Northern Ontario. The Company is a reporting issuer in British Columbia, Alberta and Ontario and its shares trade on the NEX Board of the TSX Venture Exchange under the symbol “GHR.H”.

The following management discussion and analysis (MD&A) of the financial position of Golden Harp Resources Inc. (“Golden Harp” or “Company”) and results of operations should be read in conjunction with the interim financial statements and accompanying notes for the three months ended September 30, 2018 as well as the MD&A and the annual audited financial statements and accompanying notes for the year ended June 30, 2018. The financial statements together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

## **FORWARD LOOKING STATEMENTS**

This discussion includes certain statements that may be deemed “forward-looking statements.” All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

This MD&A includes material occurring up to and including November 13, 2018.

## **BUSINESS OF THE COMPANY**

### **Overview**

Golden Harp’s Copper Hill property is located 100 kilometres south of Timmins, between Shining Tree and Gowganda, 87 kilometres southwest of Kirkland Lake along Highway 560 in Northern Ontario, Canada. It consists of 855 contiguous claim units covering approximately 145 square kilometers in the Larder Mining District of the prolific Abitibi Greenstone Belt. There are a number of high priority gold and base metal targets on the property, which require further evaluation.

Historical work to date on the various gold occurrences has shown that there is good potential for the property to host both narrow-vein, high-grade targets and near-surface, bulk tonnage targets. The property also hosts a number of base metal occurrences in and around the Copper Hill Zone. Further, there are also numerous additional gold and base metal occurrences, which have received limited or no exploration and require evaluation.

The property was 100%-owned subject to certain mineral claims, which are subject to net smelter royalties (“NSR”) varying from 1% to 3%. The Company or its Joint Venture (for the Block A property) is entitled to purchase all or part of the NSRs depending on the underlying option agreements.

The Company entered into an option agreement with Benton Resources Inc. on the Block A ground in June, 2009. The Block A Property represents 351 of the 855 claim units in the northeastern portion of the Company’s claim block. Benton could earn up to a 70% interest by spending \$3 million in exploration, issuing the Company cash and common shares of Benton. On October 26, 2010, Mineral Mountain Resources Inc. assumed all obligations under the Benton Resources Inc.

option agreement. Mineral Mountain Resources Ltd. fulfilled all conditions and has met all terms to earn a 70% interest in Block A of the Company's Property at Shining Tree and a Joint Venture was formed. On January 29, 2015 Mineral Mountain entered into an agreement to sell its interest in the Block A joint venture to Timothy Young.

The Company entered into a separate option agreement with Mineral Mountain Resources Inc. on the Main Block ground in August, 2010. The Main Block Property covers two historic gold occurrences including the Golden Sylvia Gold Zone and the North Foley Lake Gold Zone and represents one of the largest prospective land packages in the Shining Tree Mining Camp including a total of 504 of the 855 claim units in the Company's claim block. On December 9, 2011, Mineral Mountain informed Golden Harp that it did not intend to proceed with the option on the Main Block. The Company has not completed any exploration on the property since the cancellation of the Mineral Mountain option.

## **Summary of Projects**

### *Golden Harp Exploration:*

During the fiscal year ended June 30, 2010, the Company completed a prospecting program to advance and prioritize targets for a future drill program. Approximately twelve areas of interest associated with induced polarization (IP) targets and/or magnetic anomalies were examined. On the west shore of North Foley Lake a strongly sheared and heavily carbonate altered quartz eye porphyritic intrusive was identified on the south side of a strong IP anomaly covered by low lying ground. The North Foley IP target appears to be related to a historical drill hole (CH05-14) under North Foley Lake a short distance east of the Golden Harp IP zone. Hole CH05-14 ended prematurely in disseminated sulphide mineralization hosted within altered leucoxene mafics marking the start of a new gold zone. Historical assays near the end of this hole returned 1.1 g/t gold over 1.4 metres from 347.1 to 348.5 metres, and the last metre of the hole assayed 1.35 g/t gold from 350 to 351 metres. At this time there is a distinct possibility that the IP target adjacent to the porphyry intrusive is representative of the strike extension of the new gold zone found at the bottom of CH05-14. Further drilling is required to fully evaluate this priority target. Further, sulphide zones with limited exposure were noted on two of the priority geophysical target areas and these zones returned anomalous gold values. Drilling is warranted to definitively evaluate these targets. The Company did not conduct any additional exploration during the current quarter.

### *Benton Resources and Mineral Mountain Resources Exploration on the Block A Option Ground:*

During the first quarter of 2010, Benton continued an aggressive exploration program and began its second drill program on the Block A ground. The drill program was designed to follow up on the previously released high-grade results from the Cook Zone and to test the strike length of the MC Zone. The Cook Zone was subject to the first three holes. The remaining bulk of the drilling was focused on the MC Zone where exploration programs during the summer of 2009 identified a strike extensive coincident induced polarization chargeability response and soil geochemical anomaly up to 900 metres long where individual samples returned greater than 0.5 g/t gold with the highest value returning 5.11 g/t gold. This target occurs along strike to the north west of the MC Zone where diamond drilling in 2008 by Golden Harp intersected 3.6 g/t gold over 9.0m (including 14.29 g/t Au over 2.0m) from hole GH-019. A substantial drill program is planned to systematically test the new coincident soil and IP anomaly and the MC Zone. Prospecting and geological mapping programs continued concurrently.

Benton's exploration program also identified a new gold zone (the Crocker Zone) with assay results of up to 9.65 grams per tonne (g/t) gold (Au) from surface grab samples. A total of 20 samples were collected over a strike length of 340 metres (m) with values ranging from 0.012 g/t to 9.65 g/t Au. Five of the samples returned gold values of greater than 2.0 g/t Au (9.65, 9.50, 6.07, 2.27 and 2.24 g/t Au) while 9 samples returned values ranging from 0.15 to 0.81 g/t Au. This new zone is located approximately 300m north of the MC zone. Like the MC zone, the Crocker Zone is hosted within pyrite-rich green carbonate altered ultramafic volcanic rocks.

During the second quarter of 2010 Benton Resources issued the drill results from the Phase 2 drill program on the Block A option ground. A compilation of Phase 1 and Phase 2 results for holes GH09-01 to GH09-10 on the Cook Zone identified a bulk tonnage gold target which includes intercepts of 1.69 g/t gold over 37.6 meters from GH09-01, 2.05 g/t gold over 45.1 metres from GH09-02, 1.36 g/t gold over 15 metres from GH09-09 and 0.92 g/t gold over 27 meters in GH09-10.

In addition, drilling identified wide zones of highly anomalous gold mineralization from the MC zone as well as from several Induced Polarization (IP) and soil geochemical targets located between the Cook and MC zones.

The Phase Two drill program included; three holes (GH09-08 to GH09-10) which tested the Cook zone, three holes (GH09-21 to GH09-23) which tested the MC zone and 11 holes (GH09-11 to 20 and GH09-23) which tested various IP and soil geochemical exploration targets located between the Cook and MC zones.

Benton issued drill results from the Phase 3 drill program on Block A during the last quarter of fiscal 2010. The 12 hole, 2,852 meter drill program consisted of a series of stratigraphic fences designed to test a wide area of low grade gold mineralization and alteration associated with the MC and Crocker zones. This altered and mineralized stratigraphy is over 300 meters in width and is bounded by two north-northwest faults splaying off of the Hydro Creek fault. Previous drilling by Golden Harp Resources (GH drill holes) and by Benton (GH09 drill holes) have intersected significant intervals of gold mineralization including 0.90 g/t Au over 43.8 meters (GH-25), 0.62 g/t Au over 28.3 meters (GH-23), 4.5 g/t Au over 7.0 meters and 0.68 g/t Au over 20.5 meters (GH-19) and 0.43 g/t Au over 56 meters (GH09-22). The drilling program was cut short due to the spring breakup.

Mineral Mountain announced a 3,500 meter drill program at the Cook zone during the fiscal year ended June 30, 2011. The program was expanded to 10,000 meters during the current quarter. The drill program has been successful in expanding gold intersections to a depth of 300 m.

Highlights of the assays include:

- GH10-38 intersected 4.66 g/t Au over 14.0 m including 13.01 g/t Au over 4.0 m
- GH11-41 intersected 3.17 g/t Au over 15.0 m including 9.29 g/t over 4.05 m and 31.11 g/t Au over 1.05 m
- GH11-44 intersected 3.46 g/t Au over 13.25 m including 5.17 g/t over 6.9 m and 10.28 g/t Au over 1.0 m
- GH 11-53 intersected 67.5 m assaying 1.00 g/t Au including 13.5 m assaying 2.04 g/t

During the 2012 fiscal year Mineral Mountain announced the results for an additional 6 diamond drill holes (GH11-55 to 59) at the Cook zone. Highlights of these results were:

- GH11-60 intersected 7.04 m assaying 4.284 g/t Au within a broader interval of 24.5 m assaying 2.444 g/t Au
- GH11-59, the deepest intersection in the Cook Zone to date at -400 m vertical, intersected 3 separate gold zones of 4.3 m grading 4.4 g/t Au, 3.0 m grading 2.7 g/t Au and 38.0 m grading 0.822 g/t Au.

During the 2012 fiscal year, Mineral Mountain announced final assay results of an additional 5 diamond drill holes (GH11-61 to 65) from the on-going drill program at the Cook zone. Highlights of these holes included:

- GH11-65 intersected 4.5 m assaying 5.69 g/t Au within a broader interval of 16.5 m assaying 2.07 g/t Au between 151.5 m to 168.0 m
- GH11-64 supports the northwest plunge intersected 4.5 m grading 4.8 g/t Au, from 241.5 to 246 m down hole.

Mineral Mountain also announced the final results of a combined 64 hole reverse circulation (RC) drilling program and a 292 shovel pit sampling program covering both the Main Block and Block A. This RC sampling technique has proven to be highly effective in identifying and pinpointing the best gold zones within large gold systems. The program succeeded in identifying a very fertile N-S gold corridor located in the northern part of Block A that is up to 5 km long ranging from 200 to 600 m wide.

There has been no material exploration on the Main Block or Block A during the current quarter. The Company wrote down the value of its interests in the Copper Hill property during the fiscal year ended June 30, 2014.

The technical information regarding the Benton Resources Corp. exploration results is extracted from press releases issued by Benton Resources Corp. and technical information regarding the Mineral Mountain Resources Ltd. exploration results is extracted from press releases issued by Mineral Mountain Resources Ltd.

**SELECTED ANNUAL INFORMATION:**

|                                                 | June 30,<br>2018 | June 30,<br>2017 | June 30,<br>2016 |
|-------------------------------------------------|------------------|------------------|------------------|
| Total Revenues                                  | NIL              | NIL              | NIL              |
| Net loss                                        | 148,993          | 123,191          | 122,601          |
| Net income (loss) per share (Basic and diluted) | (0.04)           | (0.04)           | (0.05)           |
| Total Assets                                    | 370,746          | 292,655          | 309,011          |
| Total long term financial liabilities           | NIL              | NIL              | NIL              |

**RESULTS OF OPERATIONS – FINANCIAL**

|                                                    | Thee Months Ended     |                       |
|----------------------------------------------------|-----------------------|-----------------------|
|                                                    | September 30,<br>2018 | September 30,<br>2017 |
|                                                    | -\$-                  | -\$-                  |
| <b>Expenses</b>                                    |                       |                       |
| Interest expense                                   | 4,932                 | 5,856                 |
| Office and general                                 | 14,661                | 14,148                |
| Professional fees (recovery)                       | (8,736)               | 2,250                 |
| Salaries, benefits, management and director's fees | 6,411                 | 11,250                |
| Transfer agent and filing fees                     | 2,374                 | 1,661                 |
|                                                    | (19,642)              | (35,165)              |

The Company is an exploration stage company and normally at this stage, without revenues. Net loss for the year ended September 30, 2018 was \$19,642, compared with \$35,165 for the previous period, a decrease of \$15,523. Most expense items were consistent period to period. Other line item changes during the period were as follows:

- Interest expense was \$4,932 for the three month period ended September 30, 2018 compared to \$5,856 for the comparative period, as a result of a settlement of debt which accrued interest to August 22, 2018 rather than the full period as in the comparative period.
- Professional fees decreased to a recovery of \$8,736 during year three months ended September 30, 2018 compared to an expense of \$2,250 in the comparative year due to a reimbursement of legal fees as a result of a terminated proposed transaction.
- Salaries, benefits, management and director's fees during the three months ended September 30, 2018 decreased to \$6,411 from \$11,250 as a result of a settlement of debt and fees only being accrued to August 22, 2018.

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with September 30, 2018 (prepared in accordance with IFRS). Financial information is reported in Canadian Dollars.

|                                                       | Sept 30,<br>2018 | Jun 30,<br>2018 | Mar 31,<br>2018 | Dec 31,<br>2017 | Sept 30,<br>2017 | Jun 30,<br>2017 | Mar 31,<br>2017 | Dec 31,<br>2016 |
|-------------------------------------------------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Total Revenues                                        | Nil              | Nil             | Nil             | Nil             | Nil              | Nil             | Nil             | Nil             |
| Net income (loss)                                     | (19,642)         | (7,396)         | (67,266)        | (39,166)        | (35,165)         | (36,020)        | (37,860)        | (32,429)        |
| Net income (loss)<br>per share (Basic and<br>diluted) | (0.01)           | (0.00)          | (0.02)          | (0.01)          | (0.01)           | (0.01)          | (0.01)          | (0.01)          |

The Company is an exploration company without revenues. During the fourth quarter of 2014 the Company wrote down the Copper Hill Property to its estimated fair value of \$266,521 resulting in an impairment charge of \$475,000 and a corresponding increase in net loss.

The Company has not recorded significant exploration expenditures during the last eight quarters. Exploration expenditures undertaken on Block A (and Main Block prior to the cancellation of the option by Mineral Mountain) have been part of option agreements and as such the Company has not been required to contribute to expenditures. The expenses included from the losses above are a result of general operating and administrative expenses and ongoing general expenses.

Other than the descriptions regarding administrative costs, management of the Company does not believe that meaningful information about the Company's operations can be derived from an analysis of quarterly fluctuations in any more detail than presented herein.

The Company's financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's significant accounting policies are set out in Note 2 of the audited annual financial statements for the year ended June 30, 2018. All financial amounts are in Canadian dollars.

The condensed interim financial statements for the three months ended September 30, 2018 have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations as disclosed in Note 1 of the audited financial statements.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, current assets were \$49,119 consisting of \$46,035 in cash and the remainder in receivables. Current liabilities for the year totaled \$644,619, which consisted of accounts payable and promissory notes. The Company has fourteen promissory notes of \$20,000 and two of \$30,000 totaling \$340,000. The promissory notes are due on December 4, 2018, March 18, 2019, May 14, 2019, November 19, 2018, February 11, 2019, April 21, 2019, March 3, 2019, January 10, 2019, March 22, 2019, June 20, 2019, September 19, 2019, January 12, 2019, March 18, 2019 and November 25, 2018 respectively or earlier upon default by the Company. The promissory notes bear interest at the rate of 10% per annum payable quarterly. As at September 30, 2018, the Company had working capital deficit of \$595,500 Management considers current working capital insufficient to continue operations for the remainder of the 2019 fiscal year.

For the three months ended September 30, 2018, net cash received from operating activities was \$32,119 as a result of a reimbursement for legal fees from a terminated proposed transaction.

The Company owns an interest in the Copper Hill property subject to outstanding NSR's. It has met all the terms of the various contract agreements for the Copper Hill property, above and beyond the exploration work required to keep the

property in good standing. The exploration work completed during previous fiscal years and by the Company's optionors has generated assessment credits to keep the Block A claims in good standing for the 2019 fiscal year, and beyond.

There are no other known demands, commitments, events or uncertainties that would adversely affect the trends and expected fluctuations in the Company's liquidity. Realization of the carrying value of mineral interests is dependent upon funding, the ability of the Company and third parties to bring mineral interests into profitable production, or recovery from sale.

The Company currently has insufficient cash to carry on operations through the 2019 fiscal year. Funding for operations is primarily through equity financings and promissory notes. In order to continue operations, the Company will need to raise additional capital through equity financings. There is no guarantee that financing will be available on terms acceptable to the Company, given the current climate in the financial markets and reduced availability of funding.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

## **RELATED PARTY TRANSACTIONS**

### **Key management personnel compensation**

|                                                                 | <b>Three Months Ended</b> |                           |
|-----------------------------------------------------------------|---------------------------|---------------------------|
|                                                                 | <b>September 30, 2018</b> | <b>September 30, 2017</b> |
| Consulting fee - paid to an officer and director of the Company | \$ 4,274                  | \$ 7,500                  |
| Management fee - paid to an officer and director of the Company | 2,137                     | 3,750                     |
|                                                                 | <b>\$ 6,411</b>           | <b>\$ 11,250</b>          |

### **Related party balances**

Included in trade payables and accrued liabilities at September 30, 2018 is \$125,780 (June 30, 2018 – \$121,292) owing to the Chief Executive Officer and director of the Company for accrued consulting fees and \$61,806 (June 30, 2018 – \$59,563) owing to the Chief Financial Officer and director of the Company for accrued management fees (Note 6).

Sixteen promissory notes totaling \$340,000 (June 30, 2018 – \$230,000), accrued interest of \$75,050 (June 30, 2018 – \$70,118), and reimbursement of exploration and evaluation asset expenditures of \$30,309 (June 30, 2018 – \$30,309) are payable to a shareholder of the Company (Note 7).

The Company incurred interest expense for the year ended June 30, 2018 of \$26,806 (September 30, 2018 – \$5,856) from a shareholder of the Company.

## **PROPOSED TRANSACTIONS**

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the interim financial statements for the three months ended September 30, 2018.

## **BASIS OF PRESENTATION**

Significant accounting policies can be found in Note 2 of the financial statements for the three month period ended September 30, 2018. A complete list of significant accounting policies can be found in Note 2 of the audited annual financial statements for the year ended June 30, 2018. The financial statements of the Company have been prepared on an accrual

basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

The interim financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Canadian dollars. The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management’s opinion, been properly prepared using careful judgment within reasonable limits of materiality.

## **RISKS AND UNCERTAINTIES**

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

## **ADDITIONAL INFORMATION**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

## **DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE**

An analysis of the material components of the Company’s general and administrative expenses is disclosed in the interim financial statements for the three months ended September 30, 2018 to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company’s mineral property is disclosed in Note 5 to the interim financial statements for the three months ended September 30, 2018 to which this MD&A relates.

## **SUBSEQUENT EVENTS**

On October 22, 2018, the Company settled \$632,945 of outstanding debt obligations owed to members of management and a third party through the issuance of 10,549,082 common shares.

## **SHARE CAPITAL**

At November 13, 2018, the Company had the following number of securities outstanding:

| <b>Securities</b>                    | <b>Number</b> | <b>Exercise Price</b> |
|--------------------------------------|---------------|-----------------------|
| Common shares issued and outstanding | 13,917,486    | N/A                   |
| Stock options                        | Nil           | N/A                   |
| Fully diluted share capital          | 13,917,486    | N/A                   |