

PINECREST RESOURCES LTD.

Interim Management's Discussion and Analysis – Quarterly Highlights

For the Period Ended June 30, 2017

(Expressed in Canadian Dollars - Unaudited)

Introduction

Pinecrest Resources Ltd. and its subsidiary engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (the "Exchange") (TSX-V: PCR) and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

This interim Management Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of Pinecrest Resources Ltd. ("Pinecrest" or the "Company") for the period ended June 30, 2017. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of August 18, 2017. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Forward Looking Statements and Risk Factors

This interim MD&A includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address 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 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 that actual results or developments may differ materially from those projected in the forward-looking statements.

For a detailed listing of the risk factors, please refer to the Company's annual MD&A for the year ended December 31, 2016.

Results of Operations

As at June 30, 2017, the Company had total assets of \$15,180,837 (December 31, 2016 - \$14,046,901), consisting primarily of cash, short-term investment, and exploration and evaluation assets.

For the six months ended June 30, 2017, the Company recorded a net loss of \$434,206 or \$0.01 loss per share compared to a net loss of \$155,080 or \$0.00 loss per share during the same period in the prior year.

Share-based compensation was \$315,547 during the six months ended June 30, 2017 (2016 - \$44,904). The increase in expense during 2017 was due to 2,600,000 stock options granted to directors, officers, and consultants of the Company.

Foreign exchange loss was \$25,873 during the six months ended June 30, 2017 (2016 - \$2,671). The increase in expense during 2017 was due to the translation of foreign currency held by the Company. The Company did not previously hold currencies other than the Canadian dollar.

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During the period ended June 30, 2017, the Company completed a non-brokered private placement for gross proceeds of \$1,501,500 by issuing 7,150,000 common shares. No finder's fees were paid in connection with the private placement. Total share issue costs associated with the financing amounted to \$11,013. Of the 7,150,000 common shares, 5,096,000 common shares were subscribed to by insiders of the Company.

Enchi Gold Project

A 3,000 meter reverse circulation drill program is planned to commence during Q3, 2017 on the 100% owned Enchi Gold Project. The region hosts numerous historical and current operating open pit and underground gold mines located along strike to the northeast of the Enchi Gold Project. The drill program will include approximately 27 holes totaling 3,000 meters of infill, step out and exploration drilling on the Boin and Sewum Zones and two new zones outside of the maiden Inferred Resource Boin northwest and Kojina Hill both representing high priority targets based on geological, geochemical and geophysical surface work and previous drilling.

During the period ended June 30, 2017, the Company signed a contract with an arms-length consultant to supervise the drilling program on the Enchi Gold Project. The cost of the contract is estimated to be US\$65,000. Upon signing the contract, the Company paid the consultant US\$20,000 (equivalent to \$26,939).

Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

	Revenue		Net loss		Loss per share
June 30, 2017 ⁽¹⁾	\$	Nil	\$	396,744	\$ 0.01
March 31, 2017	\$	Nil	\$	37,462	\$ 0.00
December 31, 2016 ⁽²⁾	\$	Nil	\$	336,672	\$ 0.01
September 30, 2016	\$	Nil	\$	35,091	\$ 0.00
June 30, 2016	\$	Nil	\$	69,250	\$ 0.00
March 31, 2016	\$	Nil	\$	85,830	\$ 0.00
December 31, 2015	\$	Nil	\$	97,191	\$ 0.00
September 30, 2015	\$	Nil	\$	112,417	\$ 0.00

⁽¹⁾See discussion under "Results of Operations" above.

⁽²⁾Share-based compensation expense was \$275,024 during Q4 2016. Included in the Q4 2016 share-based compensation provision is the additional expense recognized from the 18 million share purchase warrants that were amended during 2016. During 2016, the Company amended the expiry date of 18 million warrants from December 4, 2016 to December 4, 2019. These warrants were issued as part of a private placement transaction and are exercisable at \$0.30 per share. All of the other terms of the warrants remain unchanged. The amendment resulted to the Company recording an additional stock-based compensation expense of \$268,835 in Q4 2016.

Liquidity and Capital Resources

The Company currently has no operating revenues and relies primarily on equity financing. As at June 30, 2017, the Company had a working capital of \$2,416,047. The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

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Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Trading transactions

The Company shares office space with related parties in order to minimize operational costs. During the period ending June 30, 2017, the Company paid or accrued \$11,309 (2016 - \$24,466) for office rent to related companies.

Sandstorm Gold Ltd. sold its 10,000,000 common shares to two directors of the Company at a price of \$0.21 per share.

The Company had a payable balance to related parties of \$9,761 as at June 30, 2017 (December 31, 2016 - \$214). These payable amounts relate to consulting invoices, office rent, and expense reimbursements. All related party transactions were recorded at the amount agreed upon by the related parties. There are no ongoing contractual or other commitments resulting from the above transactions.

Compensation of key management personnel

Key management personnel include directors and officers that provide management and consulting services to the Company. Key management remuneration is reflected in the financial statements as follows:

		June 30, 2017		June 30, 2016
Management fees	\$	43,031	\$	36,000
Share-based compensation		360,800		61,459
Total	\$	403,831	\$	97,459
Expensed in:				
General and administrative	\$	307,591	\$	62,323
Capitalized in:				
Exploration and evaluation assets		96,240		35,136
Total	\$	403,831	\$	97,459

Proposed Transactions

None.

Critical Accounting Estimates and Change in Accounting Policies including Initial Adoption

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in the Note 2 of the Company's 2016 audited consolidated financial statements. Critical accounting estimates remain the same as disclosed in the 2016 audited annual consolidated financial statements.

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Financial Instruments and Other Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist of cash, short-term investment, GST and other receivables, trade and other payables, and provision for bonus payment. Cash and short-term investment are classified as loans and receivable recognized initially at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest method, less any impairment losses.

GST and other receivables and trade and other payables are the same as or approximately equal to their respective fair values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash and short-term investment are held through a large national financial institution.

Note 7 of the Company's condensed interim consolidated financial statements for the period ended June 30, 2017 contain additional disclosures on the Company's financial instruments.

Outstanding Share Capital

The following describes the outstanding share data of the Company as at August 18, 2017. Note 5 of the Company's condensed interim consolidated financial statements for the period ended June 30, 2017 contain additional information on the Company's share capital.

	<u>Number Outstanding</u>
Common shares	62,166,547
Options to purchase common shares	8,627,500
Warrants to purchase common shares	22,900,000