

Carube Copper Corp.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six month periods ended February 28, 2018 and 2017

(expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed consolidated interim financial statements of Carube Copper Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Carube Copper Corp.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Financial Position

(expressed in Canadian dollars)

	February 28, 2018 \$	August 31, 2017 \$
Assets		
Current assets:		
Cash and cash equivalents	162,632	665,096
Restricted cash (note 6)	-	5,880
Restricted deposits (note 4)	15,166	27,840
Amounts receivable (note 5)	40,904	49,399
Prepaid expenses	91,186	90,322
	<u>309,888</u>	<u>838,537</u>
Equipment	47,273	62,321
Exploration advances	53,288	43,288
Mineral exploration properties (note 6)	7,246,882	7,214,464
Deferred exploration expenditures (note 6)	5,107,984	4,576,351
	<u>12,455,427</u>	<u>11,896,424</u>
Total assets	<u>12,765,315</u>	<u>12,734,961</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	722,891	491,786
OZ Minerals Ltd. exploration advance (note 6)	-	5,880
Bridge loan payable (note 7)	33,038	104,500
Promissory notes payable (note 8)	269,515	255,976
	<u>1,025,444</u>	<u>858,142</u>
Flow-through premium liability (note 10)	-	1,913
Promissory note payable (note 8)	292,620	277,571
	<u>1,318,064</u>	<u>1,137,626</u>
Total liabilities	<u>1,318,064</u>	<u>1,137,626</u>
Shareholders' equity		
Capital stock (note 9)	15,508,549	15,406,956
Share subscriptions (notes 9)	139,200	-
Warrants (note 9)	423,162	408,325
Contributed surplus	1,656,696	1,469,094
Accumulated deficit	(6,009,973)	(5,350,535)
Accumulated other comprehensive loss	(270,383)	(336,505)
	<u>11,447,251</u>	<u>11,597,335</u>
Total shareholders' equity	<u>11,447,251</u>	<u>11,597,335</u>
Total liabilities and shareholders' equity	<u>12,765,315</u>	<u>12,734,961</u>

Going concern (note 1)

Subsequent events (note 15)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved by the Board of Directors:

/s/ Jeffrey Ackert
Director

/s/ Greg LeBlanc
Director

Carube Copper Corp.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Three months ended February 28, 2018 \$	Three months ended February 28, 2017 \$	Six months ended February 28, 2018 \$	Six months ended February 28, 2017 \$
Expenses				
Promotion and investor relations	92,925	46,064	157,157	81,735
Regulatory authority and transfer agent fees	4,854	4,400	8,226	8,965
Legal, accounting, audit and financial advisory	21,612	13,860	30,987	32,349
Office, general and administrative	98,605	78,327	243,848	157,732
Share based compensation (note 9)	77,111	99,680	187,602	180,068
	<hr/>	<hr/>	<hr/>	<hr/>
	295,107	242,331	627,820	460,849
Interest income	(89)	(18)	(489)	(56)
Interest expense	16,109	35,795	33,806	71,793
Other income (note 10)	-	(963)	(1,913)	(14,726)
Foreign exchange loss (gain)	19	403	214	(918)
	<hr/>	<hr/>	<hr/>	<hr/>
	16,039	35,217	31,618	56,093
Net loss for the period	<hr/>	<hr/>	<hr/>	<hr/>
	311,146	277,548	659,438	516,942
Other comprehensive loss (income)				
Items that may be subsequently reclassified to operations				
Foreign currency translation adjustment	50,910	53,261	(66,122)	19,863
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	362,056	330,809	593,316	536,805
	<hr/>	<hr/>	<hr/>	<hr/>
Loss per common share:				
Basic and diluted	0.00	0.00	0.01	0.01
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average number of common shares outstanding:				
Basic and diluted	110,107,186	70,126,581	109,803,663	70,092,372
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Carube Copper Corp.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Capital stock		Share subscriptions	Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	\$	\$	#	\$	\$	\$	\$	\$
Balance, August 31, 2017	109,503,475	15,406,956	-	21,900,000	408,325	1,469,094	(5,350,535)	(336,505)	11,597,335
Net loss for the period	-	-	-	-	-	-	(659,438)	-	(659,438)
Foreign currency translation adjustment	-	-	-	-	-	-	-	66,122	66,122
Total comprehensive loss for the period	-	-	-	-	-	-	(659,438)	66,122	(593,316)
Private placement of units (note 9)	1,940,500	101,593	-	970,250	14,837	-	-	-	116,430
Share subscriptions (note 9)	-	-	139,200	-	-	-	-	-	139,200
Deferred share units (note 9)	-	-	-	-	-	66,250	-	-	66,250
Restricted share units (note 9)	-	-	-	-	-	58,175	-	-	58,175
Stock option compensation charge (note 9)	-	-	-	-	-	63,177	-	-	63,177
	1,940,500	101,593	139,200	970,250	14,837	187,602	(659,438)	66,122	(150,084)
Balance, February 28, 2018	111,443,975	15,508,549	139,200	22,870,250	423,162	1,656,696	(6,009,973)	(270,383)	11,447,251
Balance, August 31, 2016	69,888,433	12,171,571	-	13,632,707	803,339	529,425	(3,978,217)	(198,820)	9,327,298
Net loss for the period	-	-	-	-	-	-	(516,942)	-	(516,942)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(19,863)	(19,863)
Total comprehensive loss for the period	-	-	-	-	-	-	(516,942)	(19,863)	(536,805)
Shares issued for property (note 6)	238,148	26,434	-	-	-	-	-	-	26,434
Share subscriptions	-	-	1,207,153	-	-	-	-	-	1,207,153
Share issue costs	-	(1,197)	-	-	-	-	-	-	(1,197)
Expiry of warrants	-	-	-	(250,000)	(14,475)	14,475	-	-	-
Restricted share units (note 9)	-	-	-	-	-	91,592	-	-	91,592
Deferred share units (note 9)	-	-	-	-	-	38,750	-	-	38,750
Stock option compensation charge (note 9)	-	-	-	-	-	49,725	-	-	49,725
	238,148	25,237	1,207,153	(250,000)	(14,475)	194,542	(516,942)	(19,863)	875,652
Balance, February 28, 2017	70,126,581	12,196,808	1,207,153	13,382,707	788,864	723,967	(4,495,159)	(218,683)	10,202,950

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Carube Copper Corp.

(An Exploration Stage Company)

Unaudited Consolidated Interim Statements of Cash Flows

(expressed in Canadian dollars)

	Six months ended February 28, 2018 \$	Six months ended February 28, 2017 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(659,438)	(516,942)
Items not affecting cash:		
Share based compensation (note 9)	187,602	180,068
Depreciation of equipment	11,087	1,271
Interest accrued on bridge loans and promissory notes	33,126	71,793
Interest income on restricted deposits	(99)	-
Reduction of flow-through premium in other income (note 10)	(1,913)	(13,781)
Change in working capital items:		
Amounts receivable	8,495	(5,085)
Prepaid expenses	(864)	(3,040)
Accounts payable and accrued liabilities	(68,277)	167,450
	<u>(490,281)</u>	<u>(118,266)</u>
Investing activities		
Restricted deposits (note 4)	13,143	-
Exploration advances	(10,000)	-
Mineral exploration properties costs (note 6)	(31,595)	(4,505)
Deferred exploration expenditures (note 6)	(157,481)	(59,167)
	<u>(185,933)</u>	<u>(63,672)</u>
Financing activities		
Issuance of common shares and warrants (note 9)	116,430	-
Share subscription proceeds (note 9)	139,200	1,207,153
Share issue costs	-	(1,197)
OZ Minerals Ltd. exploration funding (note 6)	-	316,763
OZ Minerals Ltd. exploration expenditures (note 6)	(5,880)	(323,048)
Repayment of bridge loan and accrued interest (note 7)	(76,000)	-
	<u>173,750</u>	<u>1,199,671</u>
Net change in cash and cash equivalents	(502,464)	1,017,733
Cash and cash equivalents - Beginning of period	<u>665,096</u>	<u>128,672</u>
Cash and cash equivalents - End of period	<u>162,632</u>	<u>1,146,405</u>

Supplemental cash flow information (note 14)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Carube Copper Corp.

(An Exploration Stage Company)

Notes to Unaudited Consolidated Interim Financial Statements

February 28, 2018

(expressed in Canadian dollars)

1. Nature of operations and going concern

General information

On June 18, 2015, Miocene Resources Limited ("Miocene"), renamed Carube Copper Corp. (referred to herein collectively with its subsidiaries as the "Company"), completed a reverse takeover with Carube Resources Inc. (CRI). On July 7, 2015, the Company commenced trading on the TSX Venture Exchange ("TSX-V") under the ticker symbol CUC.

Carube Copper Corp. is an exploration stage junior mining company. Since November of 2009, the Company has been engaged in the identification, acquisition, evaluation and exploration of mineral properties. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 365 Bay Street, Suite 400, Toronto, Ontario, Canada where it is domiciled. The Company's subsidiaries include Carube Resources Inc., domiciled in Toronto, Canada and Carube Resources Jamaica Limited and Rodinia Jamaica Limited, which are both domiciled in Kingston, Jamaica.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

From November 2009 to date, the Company has incurred losses from operations and has had negative cash flows from operating activities. As at February 28, 2018, the Company had a working capital deficiency of \$715,556. Existing funds on hand are not sufficient to support ongoing corporate costs, exploration costs, interest on its indebtedness or repayment of debts. These conditions raise uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. On December 1, 2017, the Company announced the initiation of a private placement financing to raise up to \$1,200,000 that was subsequently increased to \$3,000,000 and on March 16, 2018, the Company announced debt settlements with shares for a total amount of \$464,115 (see note 15). The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption were not appropriate and such

2. Significant accounting policies

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended August 31, 2017 and 2016 which have been prepared in accordance with IFRS.

These financial statements were approved by the board of directors for issue on April 24, 2018.

General information and basis of consolidation

Carube Copper Corp. (formerly Miocene Resources Limited) was incorporated under the *Business Corporations Act (Ontario)* on March 29, 2010. The Company completed a reverse takeover with CRI on June 18, 2015. Carube Resources Inc. was incorporated under the *Business Corporations Act (Ontario)* on August 2, 2007 under the name 2144321 Ontario Inc. and was inactive until October 2009 at which time its name was changed to CRI. On March 31, 2011, CRI incorporated Carube Resources Jamaica Limited (CRJL), a wholly-owned Jamaican subsidiary, in order for it to hold the Bellas Gate project mineral exploration licenses and to conduct business as operator of the project. On March 31, 2012, CRI acquired all of the outstanding shares of Rodinia Jamaica Limited (RJL) in exchange for common shares of CRI. RJL holds title to four Special Exclusive Prospecting Licenses (SEPLs) in Jamaica.

The Company's financial statements consolidate those of the parent company and each of its 100% wholly-owned subsidiaries CRI, CRJL and RJL. All inter-company balances and transactions are eliminated upon consolidation. The consolidated financial statements are expressed in Canadian dollars and are prepared using the historical cost method.

Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2017.

(expressed in Canadian dollars)

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended August 31, 2017 and 2016 except as described in the notes to these condensed consolidated interim financial statements.

New and revised accounting standards

IAS 7 – Statement of cash flows

In January 2016, the IASB amended IAS 7, Statement of Cash Flows. The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and, (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is mandatory for annual reporting periods beginning on or after January 1, 2017. The adoption of these IAS 7 amendments has not had an impact on the Company's financial statements.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9) which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption of the new standard permitted. Company management has assessed the impact of this new standard on the Company's consolidated financial statements and does not anticipate any material impact from the adoption on its results of operations, financial position or disclosures. The Company does not intend to early adopt IFRS 9.

4. Restricted deposits

	February 28, 2018	August 31, 2017
	\$	\$
Guaranteed investment certificate	15,166	15,067
Term deposit	-	12,773
	<u>15,166</u>	<u>27,840</u>

The Company has established a corporate credit card account for the payment of travel and corporate costs. An amount of \$15,166 held in a guaranteed investment certificate has been pledged as collateral for the maximum credit limit on this credit card account. The Company had previously established a credit account with a supplier of fuel in Jamaica for which a term deposit had been pledged as collateral for fuel purchased on the account. This arrangement was concluded during December 2017 with a return of the term deposit in the amount of \$13,143.

5. Amounts receivable

	February 28, 2018	August 31, 2017
	\$	\$
Harmonized sales tax (HST) receivable	29,951	40,707
Refundable import duty on exploration equipment	8,799	8,595
Quebec sales tax receivable	2,154	47
Other	-	50
	<u>40,904</u>	<u>49,399</u>

Carube Copper Corp.
(An Exploration Stage Company)
Notes to Unaudited Consolidated Interim Financial Statements
February 28, 2018

(expressed in Canadian dollars)

6. Mineral exploration properties and deferred exploration expenditures

	Bellas Gate (Jamaica) \$	Rodinia and Other Licenses (Jamaica) \$	Fiedmont (Quebec, Canada) \$	Rogers Creek, Mackenzie and Salal (BC, Canada) \$	Total \$
<u>Mineral exploration properties:</u>					
Balance, August 31, 2017	1,729,838	1,993,425	187,258	3,303,943	7,214,464
License and claim renewal fees	942	121	532	-	1,595
Cash option payment	-	-	30,000	-	30,000
Translation to reporting currency	(56)	879	-	-	823
Balance, February 28, 2018	1,730,724	1,994,425	217,790	3,303,943	7,246,882
Balance, August 31, 2016	1,730,134	1,993,801	150,102	3,302,160	7,176,197
License and claim renewal fees	-	-	3,722	1,283	5,005
Shares issued for property	-	-	26,434	-	26,434
Translation to reporting currency	(237)	(66)	-	-	(303)
Balance, February 28, 2017	1,729,897	1,993,735	180,258	3,303,443	7,207,333
<u>Deferred exploration expenditures:</u>					
Balance, August 31, 2017	3,807,399	336,043	130,525	302,384	4,576,351
Geology	120,042	7,809	940	10,048	138,839
Geochemical	4,938	680	-	2,010	7,628
Trenching	-	-	107,806	-	107,806
Drilling and related	192,421	-	-	-	192,421
Community and social development	31,472	-	-	-	31,472
Health and safety	185	-	-	-	185
Translation to reporting currency	49,372	3,910	-	-	53,282
Balance, February 28, 2018	4,205,829	348,442	239,271	314,442	5,107,984
Balance, August 31, 2016	2,755,928	252,574	130,075	252,411	3,390,988
Geology	32,431	7,499	-	12,317	52,247
Geochemical	16,464	75,720	-	31,575	123,759
Geophysical	274	-	-	170	444
Drilling and related	8,018	-	-	-	8,018
Environmental	378	-	-	-	378
Community and social development	10,665	-	-	-	10,665
Health and safety	-	-	-	22	22
Translation to reporting currency	(21,857)	(2,397)	-	-	(24,254)
Balance, February 28, 2017	2,802,301	333,396	130,075	296,495	3,562,267

Bellas Gate property agreements

OZ Minerals Ltd. agreements

Current OZ Minerals agreement

During September 2016, the Company announced it had finalized a heads of agreement ("HoA") with OZ Minerals Ltd., an Australian copper-gold producer listed on the Australian Securities Exchange ("OZ Minerals"), to acquire all of OZ Minerals' property holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the Bellas Gate Project (see below) and five licenses covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company will retain a 100% interest in the Above Rocks project as OZ Minerals elected not to proceed with the joint venture earn-in (see below). A definitive legal agreement incorporating the terms of the HoA was concluded in January 2017.

Under the terms of the definitive agreement, for the acquisition of the 70% interest in the Bellas Gate Project the Company is obligated to: (i) pay OZ Minerals \$8.5 million within one year of commencement of commercial production at Bellas Gate; (ii) pay OZ Minerals an additional \$4 million within two years of commencement of commercial production; and, (iii) grant OZ Minerals a 2% net smelter royalty (NSR) with a buyback right of two-thirds of the NSR for \$1.3 million with any NSR payments capped at a maximum amount of \$20 million.

Additionally, the Company has acquired a 100% interest in the five OZ Minerals licenses. The Company would be obligated to provide OZ Minerals a single payment of \$1.5 million within one year of commencement of commercial production on any of the five licenses. Each of the licenses is subject to a 2% NSR with a buyback of one-half of the NSR for \$500,000.

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Notes to Unaudited Consolidated Interim Financial Statements

February 28, 2018

(expressed in Canadian dollars)

Preceding OZ Minerals agreements

During May 2013, the Company entered into a term sheet with OZ Minerals that led to a farm-in joint venture agreement relating to the Bellas Gate Project which consists of the Bellas Gate and Browns Hall Special Exclusive Prospecting Licenses (SEPLs) which total 84 sq. km. in area.

The term sheet provided that upon certain conditions being met, that OZ Minerals and the Company would enter into an agreement which would potentially lead to a joint venture with respect to the Bellas Gate Project and the Company would grant OZ Minerals a right to enter into separate agreements on each of the Company's other projects in Jamaica (which comprise the other four SEPLs, excluding the Bellas Gate Project SEPLs).

OZ Minerals agreed to make a US\$900,000 equity investment in the Company, which was completed during January 2014, when OZ Minerals confirmed the satisfactory completion of their due diligence and that any conditions precedent had been satisfied such that the terms of the May 2013 term sheet became binding on OZ Minerals and the Company. A definitive agreement incorporating the terms contained in the term sheet and other conditions that are customary for mining exploration project joint venture agreements was completed during May 2015.

Significant terms of the definitive agreement included an initial phase of work by OZ Minerals for \$500,000 of exploration expenditures. In total, to earn a 70% interest in the Bellas Gate Project, OZ Minerals was required to spend \$6.5 million on exploration and make cash payments to the Company of \$475,000 over a maximum period of 3.5 years. During January 2016, the Company announced that OZ Minerals had incurred cumulative exploration expenditures in excess of \$8.3 million and had fulfilled the Phase 4 earn-in requirements to have a vested 70% interest in the Bellas Gate Project. OZ Minerals was then able to earn a further 10% interest by financing all work to the end of a feasibility study. This Phase 5 of the earn-in was initiated during February 2016.

Additionally, OZ Minerals was provided the option to fly airborne geophysics over the Company's other three Jamaican projects (comprised of four SEPLs, see *Rodinia Jamaica property licenses* below) in return for the right to enter into joint ventures on any or all of the projects. OZ Minerals completed the airborne geophysics during June 2015. During September 2015, the Company and OZ Minerals entered into a definitive agreement with respect to the earn-in and potential joint venture on the Above Rocks Project. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

The Bellas Gate Project is subject to a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. ("CCM").

OZ Minerals project funding

Under the terms of the prior agreement, OZ Minerals had advanced total exploration funding of \$5,593,373 directly to the Company to fund joint venture earn-in expenditures in addition to funds they had expended directly. As at February 28, 2018, all of these funds had been expended. As at August 31, 2017, \$5,587,493 had been utilized for exploration work expenditures and \$5,880 remained in restricted cash with the net working capital items related to OZ Minerals' funding of \$5,880 reflected as a current liability.

Rodinia Jamaica property licenses

Acquisition of Rodinia Jamaica Limited

On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited ("RJL") from Tigers Realm Metals Pty Limited ("TRM") and Rodinia Resources Pty Limited ("Rodinia"). At the time of the acquisition TRM held a non-controlling equity interest in the Company. RJL holds a 100% interest in four SEPLs in Jamaica which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal and total 184 sq. km. in area. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as Above Rocks. Rodinia retains a 2% NSR in respect of the four SEPLs. The acquisition agreement for the SEPLs included certain commitments to conduct exploration work on the SEPLs within specified time periods as amended during December 2013. A series of common share issuances were completed during calendar 2014 and 2015 in lieu of completing the exploration work commitments within specified time periods. No further commitments remain.

OZ Minerals definitive agreement

During September 2015, the Company entered into a definitive agreement with OZ Minerals related to the earn-in and potential joint venture with respect to the Rodinia Jamaica licenses comprising three separate projects. Terms of the agreement are as follows.

OZ Minerals had to elect on which projects it wished to earn into before December 20, 2015, and subsequently pay \$50,000 to the Company within 30 days and spend \$500,000 on exploration within one year of the election date to earn a 40% interest in each project elected. OZ Minerals then had a right to earn up to a 70% interest in any one of the three projects, in a staged earn-in, by paying \$275,000 to the Company and solely funding \$6.5 million of exploration expenditures over a period of five years or less. Thereafter, OZ Minerals could have advanced its interest in a project to 80% by solely funding all costs required for the completion of a National Instrument 43-101-compliant, Joint Ore Reserves Committee standard feasibility study.

On December 7, 2015, OZ Minerals provided the Company notice of its election to initiate an earn-in and potential joint venture with respect to the Above Rocks Project (comprising two SEPLs), totalling 104 sq. km. in area. The Company received the initial cash payment of \$50,000 during December 2015. This payment was recorded as a reduction of mineral exploration property costs. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

During September 2016, OZ Minerals elected not to proceed with the Above Rocks earn-in. The Company retains a 100% interest in each of the four Rodinia SEPLs subject to Rodinia's 2% NSR.

(expressed in Canadian dollars)

Fiedmont property option agreement

During September 2010, the Company entered into a property option letter agreement to acquire a potential 100% interest in the Fiedmont property comprised of 54 claims, totalling 23 sq. km. in area, in Fiedmont Township, Quebec. A definitive option agreement was entered into on October 22, 2010. Consideration payable under the terms of the option agreement include: \$170,000 in cash; up to 490,000 common shares; and, exploration expenditures of \$700,000 as follows:

Payable	Cash \$	Common shares	Exploration expenditures \$
Following execution of definitive option agreement (paid Nov. 2010)	10,000	-	-
Upon going public ⁽¹⁾	10,000	90,000	-
First anniversary of going public (paid Sept. 2016)	20,000	90,000	70,000
Second anniversary of going public ⁽²⁾	30,000	100,000	180,000
Third anniversary of going public	40,000	100,000	200,000
Fourth anniversary of going public	60,000	110,000	250,000
Totals	170,000	490,000	700,000

(1) The number of shares payable upon the Company going public was equal to the greater of: (i) a value of \$25,000 based upon the initial public listing price of the Company's common shares; or (ii) 90,000 common shares. A total of 125,000 common shares were issued.

(2) On July 6, 2017, the Company entered into an amending agreement to the Fiedmont option agreement which extended the time period by which cumulative exploration expenditures of \$250,000 were to be incurred. This date was extended from July 7, 2017 to December 31, 2017. The second anniversary cash payment of \$30,000 was made during September 2017 and 100,000 common shares were issued during August 2017.

The Company will act as operator of the property. The Fiedmont property is subject to a 2% NSR retained by the vendors. The Company has the right to purchase up to half of the NSR by paying \$500,000 for each 0.5%. The Company will also have the right of first refusal to purchase the remaining 1% of the NSR.

During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property in satisfaction of both the cash and share obligations due on the first anniversary of going public. These common shares were valued at \$26,434. During August 2017, the Company issued 100,000 common shares related to the second anniversary commitment. These common shares were valued at \$7,000.

As at February 28, 2018, the Company had incurred cumulative exploration expenses of \$297,649 (gross of Quebec exploration tax credits of \$58,378 recorded as a reduction of deferred exploration expenditures during 2012) for the Fiedmont property.

Rogers Creek, Mackenzie and Salal properties

The Rogers Creek, Mackenzie and Salal projects were acquired with the reverse takeover of Miocene. These properties are described as follows.

Rogers Creek

The Rogers Creek property is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver and consists of 55 claims totalling 253 sq. km. in area. A 2.5% NSR royalty is payable upon production, half of which can be purchased for \$1.25 million.

Mackenzie

The Mackenzie property is located within the Coastal Mountain Belt of British Columbia, north of Vancouver and consists of 50 claims totalling 216 sq. km. in area. The property is subject to a 2% NSR royalty which is payable upon production, 62.5% of which can be purchased at \$1 million adjusted for the Consumer Price Index for the City of Vancouver. The Company has the first right of refusal to purchase the remaining 37.5% of the NSR. Additionally, a 1.5% NSR royalty on the Mackenzie property was granted to Wallbridge Mining Company Ltd. ("Wallbridge") in connection with Miocene's prior line of credit arrangements with Wallbridge. The promissory note payable to Wallbridge is secured through a first charge on the Mackenzie property (see note 8). On March 31, 2016, the maturity date of the promissory note payable to Wallbridge was extended. Consideration provided for this repayment extension included an increase in the NSR granted to Wallbridge to 1.75% and the NSR buyback clause was amended such that the NSR on the Mackenzie and Salal properties can be repurchased provided that the amended promissory note and any accrued interest have been repaid in full, as follows: (i) for \$350,000 at any time on or before December 31, 2017 (lapsed); (ii) for \$750,000 during the one-year period following December 31, 2017; or (iii) for \$1,750,000 at any time thereafter.

Salal

The Salal property consists of 34 claims totalling 124 sq. km. in area and is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver. Seven mineral claims are subject to a 2% NSR royalty payable upon production, half of which can be purchased for \$500,000. The Company has the first right of refusal to purchase the remaining 50% of the NSR royalty. One claim is subject to a 1.5% NSR royalty payable upon production, half of which can be purchased for \$500,000. Additionally, a 1.5% NSR royalty on the Salal property was granted to Wallbridge in connection with Miocene's prior line of credit arrangements with Wallbridge. The promissory note payable to Wallbridge is secured through a first charge on the Salal property (see note 8). On March 31, 2016, the maturity date of the promissory note payable to Wallbridge was extended. Consideration provided for this repayment extension included an increase in the NSR granted to Wallbridge to 1.75% and the NSR buyback clause was amended such that the NSR on the Mackenzie and Salal properties can be repurchased as described above under the Mackenzie property description. A full impairment charge with respect to prior property and exploration costs associated with the Salal property was recorded by Miocene during 2013. No additional expenditures have been incurred since this time.

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7. Bridge loans payable

During January 2014, the Company completed an offering of convertible promissory notes with six lenders raising proceeds of \$270,000 intended to provide funding of general working capital requirements up until the completion of the Miocene going public transaction. The convertible promissory notes had an original maturity date of May 15, 2014 or the date on which the Company began trading on the TSX Venture Exchange, whichever was sooner. These bridge loans bear interest at a rate of 1.5% per month (18% per annum).

During 2014 and 2015, various bridge loans were settled via conversions into equity units of the Company and the remaining bridge loans outstanding were amended to extend their maturity dates. During February 2016, the maturity date with respect to the bridge loans was extended, with a principal balance of \$148,000 extended to September 30, 2017 and \$14,500 extended to January 31, 2018. During July 2016, total payments of \$23,000 were made with respect to the bridge loans. During May 2017, total payments of \$99,552 were made with respect to bridge loan principal and accrued interest resulting in one remaining bridge loan outstanding.

On September 30, 2017, an amending agreement with respect to the outstanding bridge loan was entered into. This amending agreement set out requirements for principal and interest payments as follows: (i) principal of \$35,000 and interest of \$6,000 on October 3, 2017 (paid); (ii) principal of \$35,000 on November 15, 2017 (paid); and, (iii) principal of \$30,000 and interest of \$2,138 on December 31, 2017 (paid on March 23, 2018, see note 15).

Bridge loans are summarized as follows:

	February 28, 2018	August 31, 2017
	\$	\$
Principal value of bridge loans payable	30,000	100,000
Accrued interest	3,038	4,500
Total principal and interest - current	<u>33,038</u>	<u>104,500</u>

8. Promissory notes payable

The Company has had various promissory notes payable to officers and a contractor for the settlement of accrued compensation and cash demand loans previously advanced to the Company. Additionally, in connection with the Miocene reverse takeover transaction various payables and debts totalling \$571,415 were settled with the issuance of promissory notes to the Company's Chairman, legal counsel and Wallbridge Mining Company Ltd. All promissory notes bear interest at a rate of 12% per annum. These promissory notes payable have been subject to various amendments including partial repayments, maturity date extensions and settlements with the issuance of common shares, as further described below.

During December 2015, principal and accrued interest totalling \$10,000 was paid with respect to one note. During February 2016, the maturity dates with respect to four of these promissory note agreements having a total principal value of \$215,474 were extended to January 31, 2018. During the period from December 2015 to July 2016, principal and accrued interest totalling \$85,951 was paid with respect to certain of these notes. During February 2016, the maturity date with respect to a promissory note with a principal balance of \$50,000 was extended to January 31, 2018.

The promissory note payable to Wallbridge is secured through a first charge on the Mackenzie and Salal properties (see note 6). During February 2016, the maturity date with respect to the promissory note payable to the Company's Chairman (principal balance of \$40,000) was extended to January 31, 2018. On March 31, 2016, the promissory note payable to Wallbridge was amended. The maturity date with respect to the principal balance of \$436,415 and accrued interest of \$41,573 was extended from September 30, 2016 to December 31, 2017. Additionally at that time, the current liability payable to Wallbridge of \$24,914 was included in the amended promissory note agreement. The total of the amended promissory note was \$502,902 and continued to bear interest at 12% per annum. Consideration provided for this extension included an increase in the NSR on the Mackenzie and Salal properties held by Wallbridge in addition to amendments to the terms of the NSR buyback clause (see note 6). During July 2016, an amount of \$20,000 was paid with respect to the note payable to the Company's Chairman.

On March 8, 2017, the Company paid a total of \$64,936 to Wallbridge in payment of the outstanding interest on the promissory note and an outstanding account payable balance. On March 14, 2017, the Company amended the promissory note with Wallbridge to extend the repayment date from December 31, 2017 to December 31, 2019. In consideration for this extension of the repayment date Wallbridge has been granted a pre-emptive right with respect to any future financings of the Company in order to maintain at all times a 15.5% equity interest in the Company's outstanding common shares. Wallbridge has also been given the right to convert any of the remaining promissory note indebtedness, at any time, into common shares of the Company at a price equal to the 4-day volume weighted average price. On June 22, 2017, the Company issued 2,173,913 common shares in partial settlement of \$250,000 of the Wallbridge promissory note.

On April 28, 2017, the Company entered into a Promissory Note Extension Agreement with respect to the \$180,000 principal value note and accrued interest of \$70,057 (interest accrued to April 30, 2017) which was previously due on January 31, 2017. Under the terms of this agreement a partial cash payment of \$100,057 (comprised of \$30,000 of principal and all accrued interest) was made during May 2017. The balance of \$150,000 in principal is due on January 30, 2018 and remains subject to 12% interest per annum. In the event that the Company proposes an offering of its common shares or securities convertible into common shares to raise funds for the Company on or before January 30, 2018, the promissory note holder retains a right to subscribe for such offered securities having a value of up to \$150,000. On June 22, 2017, the Company issued 434,783 common shares in partial settlement of \$50,000 of this promissory note.

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On April 30, 2017, the Company entered into an amended agreement with respect to the \$95,000 principal value note and accrued interest of \$21,270 which was previously due on December 31, 2016. Under the terms of this agreement, the promissory note holder agreed to accept 500,000 common shares of the Company valued at \$60,000 as partial payment. This share payment was concluded on June 22, 2017. Following this share payment, the balance due of \$56,270 was due December 15, 2017 and remained subject to 12% interest per annum.

Promissory notes payable are summarized as follows:

	February 28, 2018	August 31, 2017
	\$	\$
Principal value of promissory note payable, due December 15, 2017 (see note 15)	56,270	56,270
Principal value of promissory notes payable, due January 31, 2018 (see note 15)	170,000	170,000
Principal value of promissory note payable, due December 31, 2019 (see note 15)	252,902	252,902
Accrued interest	82,963	54,375
	<hr/>	<hr/>
Total principal and interest	562,135	533,547
Less: current portion	<u>(269,515)</u>	<u>(255,976)</u>
Promissory notes payable, non-current	<hr/> 292,620	<hr/> 277,571

9. Capital stock

Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value.

Issued

Fiscal 2018 financing activity

On December 1, 2017, the Company announced it would raise up to \$1,200,000 by way of a non-brokered private placement offering of up to 20,000,000 units of the Company at a price of \$0.06 per unit. On March 9, 2018, the Company announced an increase in this private placement to raise up to \$3,000,000 in proceeds for up to 50,000,000 units. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share at a price of \$0.10 per common share for a period of two years from the closing dates of the offering. Eligible finders who source funds may earn a cash commission of up to 6% of the gross proceeds raised by the finder and may receive compensation options entitling the finder to purchase that number of units at \$0.06 per unit equal to 6% of the number of units sold by the finder.

On February 1, 2018, the Company closed a first tranche of this private placement issuing 1,940,500 units for proceeds of \$116,430. A total of 970,250 warrants were issued in this tranche of the financing. These warrants were recorded at a value of \$14,837 and expire February 1, 2020. Subsequent to quarter end, during March 2018, the Company closed a second and third tranche of this financing. As at February 28, 2018, the Company had received subscriptions related to the second tranche of \$139,200. In total, for all tranches of this private placement financing, gross proceeds of \$3,000,000 were raised with the issuance of 50,000,000 units (see note 15).

Fiscal 2017 financing activity

On March 2, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$1,600,000 with the issuance of 20,000,000 units at a price of \$0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.15 per common share and has a two year term to expiry on March 3, 2019. In connection with the financing, eligible finders were paid cash commissions of \$1,890 and were issued 23,625 compensation options. Each compensation option is exercisable for a unit (having the same attributes as above) at \$0.08 per unit until its expiry on March 3, 2019.

On May 18, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$1,365,000 with the issuance of 13,000,000 units at a price of \$0.105 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.15 per common share and has a two year term to expiry on May 19, 2019. In connection with the financing, eligible finders were paid cash commissions of \$72,379 and were issued 689,328 compensation options. Each compensation option is exercisable for a unit (having the same attributes as above) at \$0.105 per unit until its expiry on May 19, 2019.

On August 30, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$100,000 with the issuance of 1,250,000 units at a price of \$0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.13 per common share and has a two year term to expiry on August 31, 2019.

Other share issuances during fiscal 2017

During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property. These common shares were valued at \$26,434. Additionally, during August 2017, the Company issued 100,000 common shares to the vendors of the Fiedmont property. These common shares were valued at \$7,000 (see note 6). During June 2017, the Company issued a total of 3,108,696 common shares in settlement of \$360,000 in promissory notes payable (see note 8). During fiscal 2017, the Company issued a total of 1,918,198 common shares for vested restricted share units which were valued at \$178,567.

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Warrants

As at February 28, 2018, a total of 22,870,250 warrants were outstanding as follows:

Number	Exercise price \$	Expiry date
970,250	0.10	February 1, 2020
625,000	0.13	August 31, 2019
1,500,000	0.15	March 21, 2018
2,500,000	0.15	July 20, 2018
10,000,000	0.15	March 3, 2019
6,500,000	0.15	May 19, 2019
<u>775,000</u>	0.25	May 1, 2020
<u>22,870,250</u>	0.15	

During February 2017, a total of 250,000 warrants exercisable at \$0.30 expired. During July 2017, a total of 8,607,707 warrants exercisable at \$0.30 expired.

The fair value of warrants have been estimated using the Black-Scholes option pricing model and this value has been presented as a separate component of shareholders' equity. The range of assumptions used for the valuation of warrants during fiscal 2018 and 2017 are as follows.

	<u>2018</u>	<u>2017</u>
Expected life in years	2.0	2.0
Expected volatility	58%	86% to 91%
Risk-free interest rate	1.61%	0.46% to 0.67%
Dividend yield	Nil	Nil

Compensation options and compensation option warrants

In connection with the March 2017 unit financing, the Company issued an aggregate of 23,625 compensation options to eligible finders. These compensation options are exercisable at \$0.08 per unit to obtain one common share and one-half common share purchase warrant and expire March 3, 2019. A potential total of 11,813 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at \$0.15 per share and would expire March 3, 2019. These compensation options were valued at \$1,037.

In connection with the May 2017 unit financing, the Company issued an aggregate of 689,328 compensation options to eligible finders. These compensation options are exercisable at \$0.105 per unit to obtain one common share and one-half common share purchase warrant and expire May 19, 2019. A potential total of 344,664 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at \$0.15 per share and would expire May 19, 2019. These compensation options were valued at \$40,995.

In connection with the June 2016 unit financing, the Company issued an aggregate of 43,671 compensation options to eligible finders. These compensation options are exercisable at \$0.10 per unit to obtain one common share and one-half common share purchase warrant and expire July 20, 2018. A potential total of 21,836 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at \$0.15 per share and would expire July 20, 2018. These compensation options were valued at \$3,320.

In connection with the financings completed concurrently with the Miocene reverse takeover transaction, the Company provided compensation options to agents who referred investors to the Company. A total of 135,000 compensation options were issued. These compensation options were exercisable at \$0.20 per unit to obtain one common share and one-half common share purchase warrant. These compensation options expired on July 7, 2017.

The fair value of compensation options has been estimated using the Black-Scholes option pricing model and these values have been recorded in contributed surplus and share issue costs reducing capital stock. The assumptions used for the valuation of compensation options are as follows: expected life of two years; expected volatility ranging from 86% to 100%; risk-free interest rates ranging from 0.40% to 0.49%; and, dividend yield of nil.

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Stock options

During October 2010, the Company approved a stock option plan available to its employees, officers, directors and service providers. The number of options available under the plan is a maximum of 10% of the total number of issued and outstanding common shares. The Compensation Committee recommends to the Board the vesting period and exercise rights for each stock option granted.

Activity with respect to stock options is as follows:

	Number	Weighted- average exercise price \$	Expiry
Balance, August 31, 2016	4,561,500	0.12	March 2017 to February 2021
Expired	(411,500)	0.55	March 2017 to August 2017
Granted	<u>2,585,000</u>	0.10	April and June 2022
Balance, August 31, 2017	6,735,000	0.09	February 2021 to June 2022
Forfeited	<u>(250,000)</u>	0.08	February 2021
Balance, February 28, 2018	<u>6,485,000</u>	0.09	February 2021 to June 2022

As at February 28, 2018 outstanding stock options are as follows:

Exercise price \$	Options outstanding		Options exercisable		Expiry
	Number of options	Weighted-average remaining contractual life (years)	Number of options	Weighted-average remaining contractual life (years)	
0.08	3,900,000	3.0	3,900,000	3.0	February 28, 2021
0.10	2,085,000	4.2	1,045,000	4.2	April 30, 2022
0.10	<u>500,000</u>	4.3	<u>-</u>	4.3	June 22, 2022
	<u>6,485,000</u>	3.5	<u>4,945,000</u>	3.2	

On February 29, 2016, the Company's board of directors approved the grant of a total of 4,150,000 stock options to officers, directors and consultants of the Company. During June 2017, the Company granted a total of 2,585,000 stock options to a consultant and directors.

During the six month period ended February 28, 2018, the Company recorded a total of \$63,177 (Six months ended February 28, 2017 - \$49,725) in share based compensation expense related to stock options. Share based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2017 and 2016, utilized the following assumptions and values.

	<u>2017</u>	<u>2016</u>
Expected volatility	72% to 76%	100%
Expected option life (in years)	5.0	5.0
Risk-free interest rate	0.56%	0.42%
Expected dividend yield	Nil	Nil
Weighted-average exercise price	0.10	0.08
Weighted-average market price at grant date	0.12	0.07
Weighted-average fair value	0.07	0.05

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

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Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")

On June 13, 2013, Company shareholders adopted a RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance for the RSU/DSU Plan and the stock option plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption. Under the RSU/DSU Plan, no cash settlements are made as settlement is in common shares only. On June 16, 2017, shareholders of the Company approved an increase in the number of common shares reserved for the RSU/DSU Plan to 9,126,451. Under the terms of the RSU/DSU Plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and, to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

Restricted share units

RSUs are used to compensate participants for their individual performance based achievements and corporate performance, and they are intended to supplement stock option awards. The Company's Compensation Committee may determine the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the same calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. On exercise of RSUs, the shares are issued from treasury.

As at February 28, 2018, a total of 1,371,147 RSUs are outstanding having been granted to officers of the Company. These RSUs vest ratably over the one year period following the date of grant. The total value of these RSUs will be recorded as share based compensation expense in contributed surplus over the vesting period. During the six month period ended February 28, 2018, a total of \$58,175 (Six months ended February 28, 2017- \$91,592) was recorded in share based compensation expense related to RSUs. During the year ended August 31, 2017, a total of 1,918,198 common shares were issued in satisfaction of vested RSUs valued at \$178,567.

Deferred share units

DSUs are used as a means of reducing the cash payable by the Company for amounts owing to non-employee directors. A DSU is a notional share that has the same value as one share of the Company as at the grant date. DSUs are paid out to directors as common shares when they retire from the Board. As DSUs are equity settled, they are fair valued based on the market value of the shares at the grant date.

During the six month period ended February 28, 2018, a value of \$58,175 (Six months ended February 28, 2017 - \$38,750) was recorded in stock based compensation expense and in contributed surplus related to DSUs. On October 31, 2016, 889,087 DSUs valued at \$82,500 were granted in satisfaction of the fiscal 2016 director fees. On February 29, 2016, a total of 544,423 DSUs valued at \$98,250 were granted to directors of the Company as settlement for director fees related to the period from June 2014 to August 2015. DSUs are recorded in contributed surplus and will be settled in the future with the issuance of common shares when directors retire from the Board.

10. Commitment for qualifying flow-through expenditures / Flow-through premium liability

During March 2016, the Company closed a round of flow-through financing for total proceeds of \$20,000 for which it had up until December 31, 2017 to incur the related qualifying expenditures. These expenditures were incurred prior to this deadline.

Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance. As qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the consolidated statements of operations and comprehensive loss. During the six month period ended February 28, 2018, a reduction in the flow-through premium liability of \$1,913 (Six months ended February 28, 2017 - \$13,781) was recorded in other income.

11. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Chief Financial Officer, Vice President and Director. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

	Three months ended February 28, 2018 \$	Three months ended February 28, 2017 \$	Six months ended February 28, 2018	Six months ended February 28, 2017
Chief Executive Officer and President service contract fees	26,100	18,000	52,100	36,000
Executive Vice-President Corporate Development service contract fees	-	21,000	-	42,000
Chief Financial Officer service contract fees	29,396	12,758	57,307	32,805
Value of RSUs with officers expensed	9,725	53,692	58,175	91,592
Value of stock options with officers and directors expensed	28,261	14,977	63,177	29,954
Value of DSUs related to Director board meeting and committee fees	39,125	21,125	66,250	38,750
	<u>132,607</u>	<u>141,552</u>	<u>297,009</u>	<u>271,101</u>

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As at February 28, 2018, a total of \$82,849 (August 31, 2017 - \$953) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations.

In addition to the above, Rampton Resource Group ("RRG"), a corporation controlled by a Company director, has also charged the Company for shared services related to accounting, an office administrator, office rent and related office expenses in the amount of \$42,341 (Six months ended February 28, 2017 - \$58,830) during the six month period ended February 28, 2018. Office rent of \$5,850 (Six months ended February 28, 2017 - \$5,850) included in that total is in accordance with a rental agreement between RRG and an independent director of the Company. As at February 28, 2018, a total of \$16,785 (August 31, 2017 - \$Nil) is included in accounts payable and accrued liabilities with respect to amounts due to RRG for accounting and office costs.

Certain management service contracts include potential entitlements for restricted share unit grants in addition to cash compensation (see note 9). During July 2015, the Board approved a decision that all director fees would be settled by the issuance of DSUs.

As at February 28, 2018, the Company had management service agreements with each of the Chief Executive Officer and President and Chief Financial Officer which provide for a payment upon termination without cause. These payments are equivalent to 18 months' compensation for each of these two individuals. The service agreements also provide that, should a change in control event occur that each of these individuals would be entitled to a lump sum payment equivalent to 24 months' compensation irrespective of whether their services were retained subsequent to the change in control.

12. Financial instruments and risk management

As at February 28, 2018, the Company's financial instruments include cash and cash equivalents, exploration advances and accounts payable and accrued liabilities. Due to the short-term nature of these financial instruments the carrying values approximate their fair values. Other financial instruments include bridge loans payable and promissory notes payable which have carrying values approximating fair value as they are carried at cost plus accrued interest and stated interest rates approximate current market rates that would be obtained for instruments with similar terms and maturity dates.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at August 31, 2017. There have been no changes in the Company's risk management policies or procedures since the year end.

13. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's exploration property assets are in Jamaica, British Columbia, Canada and Quebec, Canada. Long-term assets by geographic area are as follows:

	February 28, 2018			August 31, 2017		
	Equipment	Mineral exploration properties	Deferred exploration expenditures	Equipment	Mineral exploration properties	Deferred exploration expenditures
	\$	\$	\$	\$	\$	\$
Canada	40,692	3,521,733	553,713	55,008	3,491,201	432,909
Jamaica	6,581	3,725,149	4,554,271	7,313	3,723,263	4,143,442
	47,273	7,246,882	5,107,984	62,321	7,214,464	4,576,351

14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Six months ended February 28, 2018	Six months ended February 28, 2017
	\$	\$
Mineral exploration property costs included in accounts payable and accrued liabilities	-	500
Exploration expenditures included in accounts payable and accrued liabilities	316,910	136,366
Depreciation of field vehicle and equipment charged to exploration expenditures	3,961	1,019
Interest accrued on bridge loans and promissory notes	33,126	71,793
Shares issued for property payments	-	26,434

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(expressed in Canadian dollars)

15. Subsequent events***Private placement financing***

On December 1, 2017, the Company announced it would raise up to \$1,200,000 by way of a non-brokered private placement offering of up to 20,000,000 units of the Company at a price of \$0.06 per unit. On March 9, 2018, the Company announced an increase in this private placement to raise up to \$3,000,000 in proceeds for up to 50,000,000 units. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.10 per common share for a period of two years from the closing dates of the offering. Eligible finders who sourced funds earned a cash commission of up to 6% of the gross proceeds raised by the finder and received compensation options entitling the finder to purchase that number of units at \$0.06 per unit equal to 6% of the number of units sold by the finder.

This private placement financing was fully subscribed. Including the first tranche closed during February 2018, and the second and third tranches closed during March 2018, the Company raised total gross proceeds of \$3,000,000 with the issuance of 50,000,000 units. A total of 25,000,000 warrants exercisable at \$0.10 per share were issued in connection with this placement. In connection with the closings during March 2018, the Company paid a total of \$122,130 in cash finder fees and issued a total of 2,035,500 compensation options exercisable for units.

Settlement of promissory notes and bridge loans

During March 2018, the Company settled promissory notes payable and accrued interest in a total amount of \$464,115 with the issuance of 8,220,754 common shares.

During March 2018, the Company made cash payments of \$99,972 with respect to promissory notes and \$33,363 with respect to the bridge loan.

Following these share settlements and cash payments the Company had fully extinguished all promissory note and bridge loan liabilities.

**CARUBE COPPER CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Three and Six Month Periods Ended February 28, 2018
(Information as at April 24, 2018 unless otherwise noted)**

INTRODUCTION

The following provides management’s discussion and analysis of results of operations and financial condition for the three and six month periods ended February 28, 2018 and 2017. Management’s discussion and analysis (“MD&A”) was prepared by Carube Copper Corp. management and approved by the Board of Directors on April 24, 2018.

On June 18, 2015, Miocene Resources Limited (“Miocene”), now renamed Carube Copper Corp. (referred to herein collectively with its subsidiaries as “Carube” or the “Company”), completed a reverse takeover with Carube Resources Inc. (“CRI”). On July 7, 2015, the Company commenced trading on the TSX Venture Exchange (“TSX-V”) under the ticker symbol CUC.

The consolidated financial statements include all of the assets, liabilities and expenses of Carube Copper Corp. and its wholly-owned subsidiaries, Carube Resources Inc., Carube Resources Jamaica Limited (“CRJL”) and Rodinia Jamaica Limited (“RJL”).

This MD&A should be read in conjunction with the Company’s condensed consolidated interim financial statements for the periods ended February 28, 2018 and 2017 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). The following discussion and analysis should also be read in conjunction with the Company’s consolidated annual financial statements for the years ended August 31, 2017 and 2016, which are prepared in accordance with IFRS for annual financial statements. All figures are presented in Canadian dollars unless otherwise indicated.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain or refer to certain forward-looking statements relating but not limited to the Company’s expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, the failure to obtain sufficient funding for operating, capital and exploration requirements and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves

numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Carube undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

NATURE OF OPERATIONS AND DESCRIPTION OF BUSINESS

Carube is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in the Caribbean region, focused on Jamaica; in British Columbia, Canada; and in Quebec, Canada. The Company has not determined whether its properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Jamaica

The Company's primary focus is on properties that are prospective for copper and gold in Jamaica where the Company now has 100% ownership of 11 licenses covering 535 square kilometres in area.

The most advanced property is the Bellas Gate Project ("BGP") which is comprised of the Bellas Gate and Browns Hall Special Exclusive Prospecting Licenses ("SEPLs" or the "licenses"). The BGP is subject to net smelter royalties ("NSR"). It covers 84 square kilometres of highly prospective deformed, altered and mineralized Cretaceous rocks, primarily volcanics that have been intruded by younger igneous rocks within Jamaica's Central Inlier.

The Company also holds a 100% interest in the four Rodinia Jamaica licenses known as Belvedere, Hungry Gully, Main Ridge and Mount Royal, jointly the "Rodinia Licenses", within the Cretaceous Inliers of east-central Jamaica. The Company's interest is subject to a 2% NSR. The Belvedere and Mount Royal licenses are adjacent and are considered one project, the Above Rocks Project.

During September 2016, the Company acquired five licenses covering 276 square kilometres from OZ Minerals Ltd., an Australian copper-gold producer listed on the Australian Securities Exchange ("OZ Minerals") as further described below.

During May 2013, the Company previously entered into a term sheet with OZ Exploration Pty Limited, a wholly-owned subsidiary of OZ Minerals Ltd. that lead to a farm-in joint venture agreement relating to the BGP. The term sheet provided that upon certain conditions being met, that OZ Minerals and the Company would enter into an agreement which would potentially lead to a joint venture with respect to the BGP and the Company would grant OZ Minerals a right to enter into separate agreements on each of the Company's other projects in Jamaica, the four Rodinia SEPLs.

OZ Minerals was provided the option to fly airborne geophysics over the Company's other three Jamaican projects, comprised of the four Rodinia SEPLs, in return for the right to enter into joint ventures on any or all of the projects on terms similar to those described with respect to the BGP. A definitive agreement incorporating the terms contained in the term sheet and other conditions that are customary for mining exploration project joint venture agreements was completed during May 2015. During September 2015,

the Company and OZ Minerals entered into a definitive agreement with respect to the earn-in and potential joint venture on the Above Rocks Project. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

The Company has completed a compilation and re-interpretation of previous work completed on the 104 square kilometre Main Ridge and the 48 square kilometre Hungry Gully projects, including the airborne geophysics flown by OZ Minerals. The Company has also completed prospecting and soil sampling on both projects during which it has confirmed or identified at least three copper \pm gold prospects at Hungry Gully and one epithermal gold prospect plus numerous copper \pm gold prospects at Main Ridge. The Company further explored the Main Ridge Gold Anomaly, a 2 kilometre-long soil anomaly adjacent to the former Pennants Gold Mine, which had a historic resource grading 13.58g Au/t, and the Orange Hill Anomaly, a highly magnetic body of significant size that is associated with a Cu in soil anomaly. Soil sampling and target mapping was completed before the end of fiscal 2016. These results have been utilized to guide the selection of drill targets.

Between January 2014 and September 2016, OZ Minerals spent approximately \$12.5 million on exploration at the BGP which included over 14,000 metres of drilling on 11 of the more than 20 prospects at Bellas Gate. Additional work was completed, including: high-resolution airborne magnetic and radiometric surveys, 46 line kilometres of Induced Polarization (IP) surveying, geochemical soil sampling which included analysis of 4,000 soil samples and geological mapping which included assaying of over 400 rock samples. Between January 2016 and September 2016, OZ Minerals spent \$500,000 on the Above Rocks Project which consisted of mapping, rock chip sampling, trench sampling and drilling of 3 diamond holes for a total of 595 metres.

During September 2016, the Company announced it had finalized a heads of agreement ("HoA") with OZ Minerals to acquire a 100% interest in OZ Minerals' holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the BGP and five licenses covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company will retain a 100% interest in the Above Rocks Project (subject to a 2% NSR) as OZ Minerals elected not to proceed with the joint venture earn-in.

The Company initiated a drill program in May 2017 on the Bellas Gate copper-gold project in Jamaica. The 1,900 metre program was focused on high-priority drill targets that have been delineated based on results from previous drilling, ground exploration, soil geochemistry and airborne geophysics. The drilling followed up on hole PVT-16-002 at the Provost prospect that intersected 339m of 0.34% CuEq (0.28% Cu, 0.12 g/t Au), including 10m of 1.79% CuEq (1.28% Cu, 0.90 g/t Au) as well as investigated other target areas which included Provost South East and Hendley. Highlights of the 2017 drill program include a 340m intersection of 0.25% CuEq (0.20% Cu, 0.09 g/t Au) which includes 55m of 0.51% CuEq (0.35% Cu, 0.27 g/t Au) in Hole PVT-17-004. Hole PVT-17-005 drilled in this campaign intersected 191.0m of 0.30% CuEq (0.22% Cu, 0.13 g/t Au) which included 74.0m of 0.50% CuEq (0.35% Cu, 0.24 g/t Au).

British Columbia

The Rogers Creek, Mackenzie and Salal properties located in British Columbia, Canada were acquired with the reverse takeover of Miocene and are prospective for copper, gold and molybdenum. Together these properties consist of a total of 119 claims and cover 492 square kilometres in area. These properties are being explored and upgraded to make them more attractive to major mining companies for joint venturing.

At Mackenzie, airborne geophysics was flown over an area covering a highly prospective 7.5 kilometre-long zone of copper showings, the Bornite Trend. The results from the airborne geophysical survey plus

re-examination of data from two other trends at Mackenzie have identified targets for future exploration and drilling. At Rogers Creek, an Induced Polarization survey completed during 2015 confirmed the high mineral potential of a previously identified prospective area marked by copper showings and soil anomalies. The Company intends to drill one or more of these targets subject to funding.

Quebec

The Company also has an option to earn a 100% interest in the Fiedmont Project (“Fiedmont”), which is comprised of 54 mining claims covering 23 square kilometres in Quebec and is prospective for platinum, palladium and lithium. An exploration program focused on trenching was initiated at the Fiedmont Project in October of 2017.

Details with respect to the Company’s property interests and exploration programs are described in the section *Overall Performance and Results of Operations*.

ACTIVITY HIGHLIGHTS FOR THE QUARTER

Significant activities during the quarter ended February 28, 2018 and to date include:

On March 12, 2018 the Company announced corporate changes and a rescheduled annual and special meeting date. Effective March 12, 2018, the Board of Directors appointed Tony Houston as interim Chief Executive Officer and President. Jeffrey Ackert, incumbent CEO and President, became Vice-President of Business Development. The Board of Directors has also proposed a slate of directors for the upcoming annual and special meeting on May 24, 2018. The proposed slate of directors to be voted on at the Company's annual meeting in May will consist of the following: Antony Manini, Yale Simpson, Alar Soever, Zimi Meka, T. Sean Harvey and Stephen Hughes. The last three directors will be new to the Board of Directors. Existing directors Greg LeBlanc, Jeffrey Ackert, Vern Rampton and Mark Pfau will be stepping down from the board in May. Tony Manini is proposed as the new Chair of the Board of Directors.

On December 1, 2017, the Company announced it would raise up to \$1,200,000 by way of a non-brokered private placement offering of up to 20,000,000 units of the Company at a price of \$0.06 per unit. On March 9, 2018, the Company announced an increase in this private placement to raise up to \$3,000,000 in proceeds for up to 50,000,000 units. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.10 per common share for a period of two years from the closing dates of the offering.

This private placement financing was fully subscribed. Including the first tranche closed during February 2018, and the second and third tranches both closed during March 2018, the Company raised total gross proceeds of \$3,000,000 with the issuance of 50,000,000 units. A total of 25,000,000 warrants exercisable at \$0.10 per share were issued in connection with this placement. In connection with the closings during March 2018, the Company paid a total of \$122,130 in cash finder fees and issued a total of 2,035,500 compensation options exercisable for units.

During March 2018, the Company settled promissory notes payable and accrued interest in a total amount of \$464,115 with the issuance of 8,220,754 common shares. Also, during March 2018, the Company made cash payments of \$99,972 with respect to promissory notes and \$33,363 with respect to the bridge loan. Following these share settlements and cash payments the Company had fully extinguished all promissory note and bridge loan liabilities.

SELECTED INTERIM INFORMATION

The following tables contain selected interim financial information for the three and six month periods ended February 28, 2018 and February 29, 2017.

	Three month period ended		Six month period ended	
	February 28, 2018 \$	February 29, 2017 \$	February 28, 2018 \$	February 29, 2017 \$
Revenue	Nil	Nil	Nil	Nil
Total expenses	(295,107)	(242,331)	(627,849)	(460,849)
Other income (expense)	(16,039)	(35,217)	(31,806)	(56,093)
Net loss for the period	(311,146)	(277,548)	(659,438)	(516,942)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.01)
Cash dividends per common share	Nil	Nil	Nil	Nil

For the three month period ended February 28, 2018, total expenses before interest, other income and foreign exchange loss were \$295,107 and were comprised of: \$92,925 related to promotion and investor relations; \$4,854 related to regulatory authority and transfer agent fees; \$21,612 with respect to professional fees for legal, accounting and audit services; \$98,605 with respect to office, general and administrative costs; and, \$77,111 with respect to share based compensation relating to stock options, restricted share units (“RSUs”) and deferred share units (“DSUs”).

Total expenses (before other income and expenses) were \$52,776 higher during the second quarter of fiscal 2018 when compared to the same quarter of fiscal 2017. Higher promotion and investor relations costs of \$46,861 accounted for the majority of this increase and related to several new promotional campaigns initiated during fiscal 2017 and during the quarter which are focused on raising the Company’s on-line profile and investor awareness. Regulatory authority and transfer agent fees were \$454 higher being relatively consistent with the second quarter of fiscal 2017. Legal and audit fees were \$7,752 higher during the quarter due to primarily to higher legal costs. Office, general and administrative costs were \$20,278 higher during the second quarter of fiscal 2018. Chief Executive Officer compensation allocated to corporate administration increased by \$11,010 during the quarter (versus being allocated to project exploration costs during the second quarter of fiscal 2017). Additionally, Chief Financial Officer compensation was \$16,639 higher during the quarter relating to increased activity related to preparation of the first quarter interim financials; management’s information circular; transition of bookkeeping function; and, the private placement financing. These increases in administrative costs were partially offset by cost savings of \$15,947 as no costs were incurred related to the Company’s former Executive VP, Corporate Development and former manager of corporate administration. Share based compensation expense was \$22,569 lower during the quarter primarily relating to lower RSU charges of \$43,967 offset by increased DSU charges of \$18,000.

For the six month period ended February 28, 2018, total expenses (before other income and expenses) were \$166,971 higher when compared to the same period during fiscal 2017. This increase related primarily to higher promotion costs of \$75,422 (see above) and due to higher general and administrative costs of \$86,116. A significant component of increased administrative costs related to an accrued payment of \$42,000 subject to a resignation agreement with respect to the Company’s former Executive VP, Corporate Development. Chief Executive Officer compensation allocated to corporate administration increased by

\$25,847 during the quarter (versus being allocated to project exploration costs during fiscal 2017). Chief Financial Officer costs were higher by \$24,502. These increases in administrative costs were partially offset by cost savings of \$31,477 as no costs were incurred related to the Company's former Executive VP, Corporate Development and former manager of corporate administration.

Other expenses during the second quarter totalled a net amount of \$16,039 (Q2 fiscal 2017 - \$35,217). Interest expense related primarily to bridge loans and promissory notes payable totalled \$16,109 during the quarter and was \$19,686 lower than in the second quarter of fiscal 2017 following the repayment of certain bridge loans and promissory notes over the past year. During the six month period ended February 28, 2018 other expenses totalled a net amount of \$31,618 (fiscal 2017 - \$56,093). Lower expenses of \$24,475 related to reduced interest expense on debt of \$37,987 offset by a decrease in other income of \$12,813 related to a decrease in the drawdown of the flow-through premium liability which was recognized pro-rata to incurring the qualified exploration expenditures.

	As at February 28, 2018 \$ (unaudited)	As at August 31, 2017 \$
Total assets	12,765,315	12,734,961
Cash	162,632	665,096
Accounts payable and accrued liabilities	722,891	491,786
Bridge loans payable – current	33,038	104,500
Promissory notes payable – current	269,515	255,976
Promissory notes payable – long-term	292,620	277,571
Cash dividends per common share	Nil	Nil

During the six month period ended February 28, 2018, the Company utilized cash of \$490,281 with respect to operating activities and \$185,933 with respect to investing activities primarily for exploration programs and property costs. During February 2018, the Company closed the first tranche of its private placement raising proceeds of \$116,430. During the second quarter, share subscriptions of \$139,200 were received related to the second tranche of the private placement financing. During October and November 2017, the Company made principal and interest payments totalling \$76,000 with respect to the outstanding bridge loan payable.

Subsequent to quarter end, during March 2018 the Company closed the second and third tranches of the private placement financing representing gross proceeds of \$2,883,570. Also, during March 2018, promissory notes totalling \$464,115 were settled with the issuance of 8,220,754 common shares. Cash payments of \$99,972 with respect to promissory notes and \$33,363 with respect to the bridge loan were also made. Following these share settlements and cash payments the Company had fully extinguished all promissory note and bridge loan liabilities.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Mineral Exploration Properties and Deferred Exploration Expenditures

The Bellas Gate Project, Jamaica

Overview

The BGP is comprised of the Bellas Gate and Browns Hall SEPLs located within deformed, altered and mineralized Cretaceous rocks, primarily volcanics, within the Central Inlier of Jamaica. The licenses are contiguous and cover 84 square kilometres in area. The Spaniards placer mined gold in the 16th century within the Central Inlier and high-grade copper veins were mined at two sites there in the mid-1800s. Subsequently, no significant exploration or development was undertaken until the 20th century when exploration was focused on copper.

The BGP is subject to a 2% net smelter royalty (NSR) in favour of Clarendon Consolidated Minerals Ltd., the original vendor of the property. The Company's former right to purchase one half (1%) of the NSR lapsed during January 2017.

The Company's exploration programs are focused on defining copper and gold porphyry resources.

OZ Minerals Term Sheet and Definitive Agreement

During May 2013, the Company entered into a term sheet with OZ Minerals, which stated that upon the Company meeting certain conditions precedent, including completing payments to Clarendon Consolidated Minerals Ltd. (the original vendor of the BGP), OZ Minerals and the Company would enter into a farm-in joint venture agreement ("JVA") with respect to the BGP. Subject to the Company meeting the conditions precedent, OZ Minerals agreed to make a US\$900,000 equity investment in the Company which was concluded during January of 2014.

During January 2014, OZ Minerals confirmed the satisfactory completion of their due diligence, such that the terms of the May 2013 term sheet became binding on the parties. The definitive JVA agreement was concluded during May 2015. Significant terms included that OZ Minerals was required to incur staged exploration expenditures of \$6.5 million and staged cash payments to the Company of \$475,000 over a maximum period of 3.5 years to earn a 70% interest in the BGP, with an initial work phase consisting of \$500,000 of exploration expenditures. OZ Minerals completed sole funding and required cash payments to the Company by late 2015 to earn a 70% interest in the BGP. OZ Minerals incurred total exploration expenditures of approximately \$8.3 million, well in excess of the required \$6.5 million. In February 2016, OZ Minerals elected to earn a further 10% interest by financing all work to the end of a feasibility study. In September 2016, OZ Minerals, for corporate reasons, elected to withdraw from the Bellas Gate Joint Venture.

Bellas Gate Project Property Costs

As at February 28, 2018, the Company had a capitalized balance of \$1,730,724 (August 31, 2017 - \$1,729,838) with respect to property costs for the BGP. License renewal fees of \$942 were incurred by the Company during the six month period ended February 28, 2018.

Bellas Gate Project Exploration Activity; 2011 to Date

From March 2011 to September 2014, Carube Resources Inc. performed mapping, soil sampling, trenching and over 3,500 metres of core drilling at the BGP. It was successful in expanding the Camel Hill porphyry

as well as uncovering narrow, high grade copper mineralization in several areas. The soil geochemistry indicated several highly copper mineralized zones.

During 2014 and 2015, mapping, prospecting, and soil sampling was conducted over several prospects by OZ Minerals and a 1,200 metre by 500 metre copper±gold soil geochemical anomaly was identified at the Hendley Prospect (“Hendley”) with peak values in soils exceeding 1,000 ppm copper. It was also noted that robust copper plus gold and silver mineralization has been identified that extended well beyond the Hendley soil sampling grid. Work at the Porphyry Alley prospects (“Porphyry Alley”), located 3 kilometres southeast of Hendley, also defined three copper in soil anomalies coincident with the surface expression of the previously identified Camel Hill (“Camel”), Mab Hill (“Mab”) and Geo Hill (“Geo”) copper±gold porphyries. Hendley and Porphyry Alley form part of the 5.5 kilometre long Southern Alteration Zone (SAZ) or Greater Porphyry Alley. Helicopter magnetic and radiometric surveys were completed over the entire property.

Beginning in June 2014 and ending in January 2015, OZ Minerals completed drilling at the Connors Prospect (“Connors”) on the south-central part of the BGP to define the limits of the copper-gold porphyry mineralization and to increase the understanding of its geometry and potential. Drilling of 12 holes for a total of 3,964 metres defined significant copper-gold mineralization with a surface footprint of approximately 300 metres by 260 metres and to a depth of 225 metres. The mineralization is characterized by multiphase potassium alteration with several episodes of copper mineralization. Copper mineralization is chalcopyrite, finely disseminated within the rock and associated with quartz and magnetite veining. Highlights include significant intersections of copper and gold porphyry mineralization within a quartz-poor porphyry intrusion with biotite rich potassic alteration and substantial hydrothermal magnetite content. A typically good mineralized intersection returned 294m of 0.56% CuEq; including 96m of 1.00% CuEq, in diamond drill hole DDH-CON-14-005.

Additional drilling during late 2014 and during 2015 was completed on other high priority targets including the Hendley, Geo Hill, Mab Hill, Charing Cross, Congo Hill and Kola Prospects. New mineralization was discovered where scout drilling intersected 261 m of 0.26% CuEq, including 24 m of 0.45% CuEq and 30 m of 0.36% CuEq, in DDH-HEN-15-003. Here, porphyritic dykes and intrusion are in contact with andesitic rock and show magnetite and biotite alteration.

OZ Minerals continued with prospecting, detailed mapping and soil sampling during late 2015 and into 2016 in order to identify and prioritize targets. Drilling restarted at the BGP in April 2016 with a focus on the Provost, Calabash Ridge and Lucky Valley prospects. Five holes, totalling more than 1000m in length, were drilled at these targets, which are located on parallel alteration zones. These alteration zones are approximately 5km long and are notable for the presence of copper-gold porphyries along them. Drill targeting was enhanced with the completion of a 46 line-kilometre ground Induced Polarization (IP) geophysical survey in early June of 2016.

A new discovery was made at the Provost Prospect where drilling of 728 metres in 3 holes has been completed. Provost is a copper-gold porphyry target. It is located on the 5.5 kilometre long prospective SAZ (Greater Porphyry Alley trend), which hosts numerous copper±gold porphyry systems. Soil geochemistry has defined a 400m by 400m copper in soil anomaly where strong to intense density of stockwork veining in volcanic rocks including quartz “A-veins” in malachite-mineralized outcrop are present. An IP chargeability anomaly is also coincident with the mapped alteration and copper in soil anomaly. Hole PVT-16-001 intersected copper mineralization from 29m downhole to the end of the hole at 111m - 82m of 0.46% CuEq, including 29m of 0.63% CuEq; it was stopped in mineralization and

abandoned due to drilling difficulties. Hole PVT-16-002 intersected copper mineralization from 29m downhole to the end of the hole at 368.15m with anomalous copper values to the end of the hole - 339m of 0.34% CuEq, including 10m of 1.79% CuEq. A third hole PVT-16-003 was drilled to investigate the high chargeability anomaly east of PVT-16-002, but no significant intersections were encountered.

2017 / 2018 Exploration: Carube initiated its own drill program in May of 2017. The program focused on the high priority target areas at Provost, Provost SE and Hendley. The first hole was collared at the Provost prospect close to PVT-16-002 and drilled to the SW. The hole was drilled to a depth of 385.4m and intersected copper mineralization starting at 45.3m. Results include 340.1m of 0.09 g/t Au and 0.20% Cu or 0.25% CuEq. Within that zone of mineralization, a higher grade zone returned 55.0m of 0.27 g/t Au and 0.35% Cu or 0.51% CuEq. The 1,900m drill program was completed in September during the first quarter of fiscal 2018.

Bellas Gate Project Exploration Expenditures

As at February 28, 2018, exploration expenditures incurred directly by the Company for the BGP have a total carrying value of \$4,205,829 (August 31, 2016 - \$3,807,399). These costs are comprised of the Company's direct exploration expenditures and exclude any exploration funded previously by OZ Minerals. Costs incurred directly by the Company during the six month period ended February 28, 2018 total \$349,058 and related to geology of \$120,042; geochemical analysis costs of \$4,938; drilling related costs of \$192,421; community and social development costs of \$31,472; and, health and safety costs of \$185.

Total exploration costs incurred by OZ Minerals on the BGP during fiscal 2016 were approximately \$4.2 million bringing OZ Minerals' cumulative expenditures on the BGP to approximately \$12.5 million. Total expenditures incurred by OZ Minerals during fiscal 2015 were approximately \$5.4 million exceeding the phase 4 requirement and bringing cumulative exploration expenditures to approximately \$8.3 million.

OZ Minerals incurred \$8.3 million in cumulative exploration expenditures to complete the phase 4 earn-in by late 2015 and had a 70% interest in the BGP. Exploration at the BGP during the first four phases of work conducted by OZ Minerals included diamond drilling of 40 holes totaling 11,028 metres, assaying of 10,537 metres of drill core and 353 rock chip samples, analysis of 2,892 soil samples, geological mapping of 20 prospects, of which 13 were high priority, and a heliborne magnetic and radiometric survey totaling 1,867 line kilometres.

During early February 2016, OZ Minerals elected to solely finance expenditures at the BGP, during phase 5 of the earn-in which required the completion of a feasibility study to earn an additional 10% interest in the BGP.

In September 2016, OZ Minerals, for corporate reasons, elected to withdraw from the Bellas Gate Joint Venture. Also, during September 2016, the Company announced it had finalized a heads of agreement with OZ Minerals to acquire a 100% interest in OZ Minerals' holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the BGP. OZ Minerals continued to cover all maintenance costs for the BGP until the end of December 2016.

Rodinia and Other Licenses, Jamaica

Overview

On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited ("RJL") from Tigers Realm Metals Pty Limited ("TRM") and Rodinia Resources Pty Limited ("Rodinia").

RJL held a 100% interest in four Special Exploration Prospecting Licenses (“SEPLs” or “Rodinia Licenses”), which totalled 184 sq. km. in area and which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as Above Rocks Project. Rodinia retains a 2% NSR in respect of the four licenses. The acquisition agreement for the SEPLs included certain commitments to conduct exploration work on the Rodinia Licenses within specified time periods as amended during December 2013. A series of common share issuances were completed during calendar 2014 and 2015 in lieu of completing the exploration work commitments within specified time periods. No further commitments remain.

OZ Minerals definitive agreement for the Rodinia Licenses

OZ Minerals completed airborne geophysics over the four Rodinia Licenses, which comprise three projects, within 18 months of initiation of their earn-in on the BGP, as required by the OZ Minerals Term Sheet, in return for the option to enter into farm-in joint ventures (JVs) on each project on terms similar to those described above with respect to the BGP. During September 2015, the Company entered into a definitive joint venture agreement with OZ Minerals related to the Rodinia Licenses. Terms of the agreement were as follows: OZ Minerals had to elect on which Rodinia projects it wished to farm-in on before December 20, 2015, and subsequently pay \$50,000 to the Company within 30 days and spend \$500,000 on exploration within one year of the election date to earn a 40% interest in each elected project. After the first anniversary of the agreement OZ Minerals had the right to increase their interest in the elected project in increments to earn up to a 70% interest by advancing a total of \$275,000 in cash payments and incurring a total of \$6.5 million of exploration costs on any project. Following that, OZ Minerals could have advanced their interest to 80% by solely funding all costs associated with a feasibility study.

On December 7, 2015, OZ Minerals provided the Company notice of its election to initiate an earn-in and potential joint venture with respect to Above Rocks, which totals 104 sq. km. in area. The Company received the initial cash payment of \$50,000 during December 2015.

During September 2016, the Company announced it had finalized a heads of agreement with OZ Minerals to acquire a 100% interest in OZ Minerals' holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the BGP and five licenses covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company will retain a 100% interest in the Above Rocks Project as OZ Minerals elected not to proceed with the joint venture earn-in. The Rodinia Licenses remain subject to a 2% NSR in favor of Rodinia.

Above Rocks Project Activity 2015 to Date

Five prospects were initially investigated by OZ Minerals at Above Rocks during late 2015 and early 2016 with the aim of defining drill targets at Jobs Hill, Sue River/Glengoffe, Border, Kingsweston and Lucky Hill. Jobs Hill received the bulk of the work with three holes drilled. The first hole was drilled for 237 metres and included 5m of 0.87% CuEq and 3m of 0.48% CuEq. The second hole was abandoned before the mineralization was intersected and a third hole was drilled beneath the surface mineralized zone and intersected a high-grade zone of 3.3m of 1.60% CuEq.

Main Ridge and Hungry Gully Exploration Activity 2015 to Date

Soil geochemistry surveys were completed on the two licenses during 2014 and 2015.

At Main Ridge, a one kilometre long segment of a sampling transected in the southwestern part of the license was characterized by anomalous copper values of 250 to 664 ppm copper and gold values of up to 33 ppb.

Re-examination of old data in 2016 in conjunction with interpretation of soils data and the airborne geophysics flown by OZ Minerals has resulted in the identification of numerous highly prospective targets at Main Ridge, including:

- the Main Ridge Gold Zone (MRGZ) as defined by gold in soils, an airborne potassium anomaly and distinct structures extends over two kilometres to the west-northwest of the former Pennants gold mine. This mine produced 95,725 tonnes of ore grading 9.01 grams per tonne gold; and
- the Orange Hill Copper Prospect (OHCP) on the western part of Main Ridge where recent modelling of low-level airborne geophysics has identified a highly magnetic body of significant size in association with copper-in-soil and gold-in-soil anomalies. Rocks examined during prospecting of the OHCP were highly altered and grab samples yielded copper values up to 2.3 %, suggesting the presence of a buried porphyry-style body.

The detailed mapping, soil sampling and rock sampling at Main Ridge that focused on the above two described anomalies was completed in the fall of 2016. Review and interpretation of all data results at MRGZ and OHCP has identified drilling targets at both prospects. IP survey lines have also been proposed at the OHCP to refine and detail the recommended drilling.

At Hungry Gully, the Company has also completed prospecting and soil sampling during which it has confirmed or identified at least three copper ± gold prospects. At one prospect a 300 by 500 metre plus area defined by anomalous Cu in soil values (>225 ppm) and associated anomalous Au and Mo values appears to define subsurface copper-gold porphyry style mineralization.

Other Jamaica Projects

In April 2017, Carube received the official transfer documents from the Jamaican Ministry of Transportation and Mines for five additional Special Exploration and Prospecting Licenses previously held by OZ Minerals. Carube now has 100% ownership of these licenses, which cover an additional 276 square kilometres. The licenses include Arthurs Seat, Windsor Castle, Berkshire Hall, Above Rocks and Shirley Castle. All licenses have previously had airborne geophysics, which includes magnetics and radiometrics, flown over them by OZ Minerals. OZ Minerals undertook reconnaissance work at the Mammee Hill prospect on the Shirley Castle license, conducting reconnaissance mapping, rock chip sampling and ridge and spur soil sampling for 298 samples. The sampling indicates a 700m x 250 m copper in soil anomaly which has yet to be mapped and ground truthed. More work will be done at Shirley Castle to follow up on this area. Work is also planned on the other former OZ Minerals licenses. It will include researching of historic reports and data, interpretation of airborne geophysics and reconnaissance mapping and sampling of various media.

Other Jamaica Projects Acquisition Costs

The five licenses comprising the other Jamaican projects were acquired in conjunction with the Company's acquisition of OZ Minerals' 70% interest in the BGP. The Company's 100% interest in the five licenses is subject to a single potential future payment to OZ Minerals of \$1.5 million within one year of commencement of commercial production on any of the five licenses. Each of the licenses are subject to a 2% NSR with a buyback of one-half of the NSR for \$500,000.

Rodinia and Other Licenses Acquisition Costs

As at February 28, 2018, total property costs for the Rodinia and other licenses have a carrying value of \$1,994,425 (August 31, 2017 - \$1,993,425) and include the value of common shares issued to Rodinia and

TRM as discussed in the following paragraph. During December 2015, the cash option payment of \$50,000 received from OZ Minerals related to the Above Rocks project was recorded as a reduction of property costs.

Consideration paid by the Company during 2012 for the acquisition of RJL consisted of 2,700,000 common shares provided to TRM and 1,800,000 common shares provided to Rodinia for total consideration of 4,500,000 common shares of the Company. These common shares were recorded at their fair value of \$1,575,000. Of this total consideration, \$1,573,922 was allocated to mineral exploration property assets and \$1,078 to net current assets.

Rodinia and Other Licenses Exploration Expenditures

As at February 28, 2018, the carrying value of exploration costs for the Rodinia and Other Licenses totals \$348,442 (August 31, 2017 - \$336,043). During the six month period ended February 28, 2018, the Company incurred geology costs of \$7,809 and geochemical costs of \$680.

The Fiedmont Project, Canada

Overview

During September 2010, the Company entered into a property option letter agreement to acquire a potential 100% interest in the Fiedmont property ("Fiedmont") comprised of 54 claims covering 23 sq. km. in Fiedmont Township, Quebec. A definitive option agreement was entered into on October 22, 2010 whereby the Company will act as operator of the property. Fiedmont is subject to a 2% NSR retained by the vendors, with the Company having the right to purchase up to half of the NSR by paying \$500,000 for each 0.5%. The Company will also have the right of first refusal to purchase the remaining 1% of the NSR.

Prior exploration programs included compilation and re-interpretation of new and earlier data and a 2011 soil (humus) sampling program including 1,500 samples, which was completed over highly prospective areas located in the north part of the property. During 2012, prospecting on the south part of the property was conducted and uncovered a new silica altered and brecciated ultramafic intrusive with disseminated chalcopyrite.

Fiedmont is highway accessible and located 30 km north of Val d'Or, Quebec. Three large altered differentiated mafic-ultramafic, virtually unexplored, intrusions lie within Fiedmont's boundaries. Previous investigation in two areas within the northern intrusion had located two zones showing palladium (Pd) and platinum (Pt) values of note. Previous drilling on one zone intercepted 1.9g Pt+Pd/t over 2 metres, 2.3g Pt+Pd/t over 4 metres and 5.7g Pt+Pd/t over 1 meter. Multiple platinum and palladium soil geochemistry zones have also been delineated within the partially explored northern intrusion. Pegmatite dikes within a large Li-Mo-Bi soil anomaly were also located.

In August 2017, the Company announced an exploration program including stripping and systematic sampling of the exposed mineralized zones of up to 6 areas showing highly anomalous humus and grab samples. A broad area around the Highway Showing; a NE trending soil anomaly zone to the southwest of the Lynx showing; and a NE-trending Zone, some 250m northwest of the Tower Zone will be the focus of the work. This field program was completed during December 2017.

Fiedmont Acquisition Costs

Consideration payable under the terms of the option agreement included a \$10,000 cash payment upon execution of the definitive option agreement and a total of \$160,000 in cash; up to 490,000 common shares;

and, exploration expenditures of \$700,000 all staged over a four-year period following the Company going public in July 2015. A total of 125,000 common shares valued at \$25,000 were issued upon completion of the reverse takeover in June 2015. During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property in satisfaction of the first anniversary payments due under the terms of the property option agreement. This payment comprised 90,000 common shares and 148,148 common shares provided in lieu of the \$20,000 cash payment. During August 2017, the Company issued 100,000 common shares valued at \$7,000 in satisfaction of the second anniversary share payment and during September 2017 the cash option payment of \$30,000 was made.

On July 6, 2017, the Company entered into an amending agreement with respect to the Fiedmont property option agreement. Under the terms of the amending agreement, the requirement to incur cumulative exploration expenditures of \$250,000 prior to the second anniversary of going public was extended to December 31, 2017. All other terms with respect to the option agreement remain unchanged.

Fiedmont Exploration Expenditures

As at February 28, 2018, the carrying value of exploration costs for Fiedmont was \$239,271 (August 31, 2017 - \$130,525). During the six month period ended February 28, 2018, the Company incurred geology costs of \$940 and trenching and related costs of \$107,806. The Company has therefore incurred cumulative exploration expenses of \$297,649 (gross of Quebec exploration tax credits of \$58,378 recorded as a reduction of deferred exploration expenditures during 2012) for Fiedmont which exceeds the December 31, 2017 requirement for expenditures.

British Columbia, Canada Properties – Rogers Creek, Mackenzie and Salal

The Rogers Creek, Mackenzie and Salal Projects were acquired with the reverse takeover of Miocene. As at February 28, 2018 property costs total \$3,303,943 (August 31, 2017 - \$3,303,943). A total value of \$3,300,719 was allocated to the value of these acquired properties in the RTO.

During the six month period ended February 28, 2018, the Company incurred geology costs of \$10,048 and geochemical costs of \$2,010 for the Rogers Creek and Mackenzie Projects.

Rogers Creek

The Rogers Creek copper-gold property is located in southwestern British Columbia, near the town of Pemberton. The property consists of 47 mining claims covering 212 square kilometres. The property is 100% owned subject to an underlying 2.5% NSR, which is payable upon production, half of which could be purchased for \$1.25 million. Sufficient assessment work has been filed to keep the Company's interest in the key parts of the property until December 31, 2018 and December 31, 2021. The property is located in an easily accessible area with excellent infrastructure including a major power line, which crosses the western side of the property, and an extensive logging road network.

Four target areas within the Miocene age Rogers Creek Pluton have been identified on Rogers Creek, based on geophysics, geochemistry, and the presence of alteration and/or mineralization. Most of the work to date has focused on two areas, which are centred on two magnetic lows within a circular magnetic feature located over the northwestern part of the intrusion. Exploration work on these areas has identified a six by two kilometre area of widespread propylitic alteration, scattered copper-gold mineralization and multi-element soil anomalies, including copper, gold and molybdenum, all suggesting the presence of subsurface Cu ± Au ± Mo porphyry mineralization and structurally-controlled mineralization.

During 2015, a detailed re-examination of all existing drill core collected during 2013 was completed. This included detailed re-logging, vein categorization and integration/interpretation of physical rock property data (magnetic susceptibility and induced polarization (“IP”). An IP survey completed during September 2015 delineated a large chargeability anomaly (minimum isoshell size of 400m x 400m x 300m) with nearby outcropping disseminated pyrite-chalcopyrite mineralization, quartz-pyrite-chalcopyrite veins and chlorite-sericite alteration. This new data was used to produce constrained 3D inversions of the geophysical data, which was merged with the geologic data and results from previous drill holes to produce an integrated 3D geology model to define drill targets. The last holes drilled in this area, MRC-006 and MRC-007, intersected porphyry style alteration and mineralization. MRC-006 intersected 9.0 metres of 0.155% Cu and MRC-007, intersected 150.9 metres of 380ppm Cu including 12.1 metres of 0.172% Cu. The mineralization intersected by drilling is consistent with intersections from the periphery of a porphyry system.

In 2016, work started at Rogers Creek in August and consisted of mapping and sampling several prospects that were highlighted by the exploration done in 2015. Results from that program were positive. To enable drilling at Rogers Creek, more surface work is required to fully define the extent and geometry of what appears to be a very large mineralized system, including the possible location of its potassic core.

Mackenzie

The Mackenzie copper-gold property is located in southwestern British Columbia, approximately 100 kilometres west of Lillooet, the nearest population centre, a railhead, source of high tension power and major roads. Forest service access roads cross the northern and southern claim boundaries and link the property with the town of Gold Bridge, which is located about 40 kilometres to the east.

Mackenzie consists of 38 mining claims covering 156 square kilometres. Assessment work has been filed to keep the key parts of the property from 2018 to 2019. The property is contiguous with the Salal molybdenum property.

Thirteen of the 38 claims that make up the Mackenzie Project are subject to a 2% NSR in favour of the original vendor of the claims. This royalty does not extend to the western half of the Mackenzie property that includes the Bornite Trend where narrow quartz-chalcopyrite-bornite veins were found over a broad area. The Company has the right to buy-back 62.5% of the NSR for the purchase price of \$1,000,000 (adjusted for CPI) with an additional right of first refusal for the remaining 37.5% of the NSR should the original vendor decide to sell all or any part of his interest in the NSR. Additionally, a 1.5% NSR on the Mackenzie and Salal properties was initially granted to Wallbridge in connection with Miocene's prior line of credit arrangements with Wallbridge. The Company's promissory note payable to Wallbridge is also secured through a first charge on the Mackenzie property. On March 31, 2016, the Company and Wallbridge entered into an amended promissory note agreement which extended the maturity date of the Wallbridge note to December 31, 2017. Consideration provided for this extension included an increase in the NSR held by Wallbridge on the Mackenzie and Salal properties from 1.5% to 1.75%. In addition, the terms of the NSR buyback clause was amended such that the NSR can be repurchased provided that the amended promissory note and any accrued interest have been repaid in full, as follows: (i) for \$350,000 at any time on or before December 31, 2017; (ii) for \$750,000 during the one year period following December 31, 2017; or (iii) for \$1,750,000 at any time thereafter. The Wallbridge promissory note was settled in full during March 2018.

Until the summer of 2012, all work was focused on the original discovery (the Tillworth Trend) where copper mineralization is hosted by a brittle structure which is exposed in a continuous zone for a distance of more than 1.0 kilometre on a near-vertical rock face at the head of a glacial cirque. The copper-gold-

molybdenum-rhenium geochemical fingerprint of the fracture controlled mineralization and the identification of weakly mineralized, fine-grained granodiorite dykes that are intimately associated with mineralization and with patchy and vein-related potassic (potassium feldspar) alteration, strongly suggests a porphyry origin for the mineralization.

During the 2012 exploration program, the Bornite Trend was discovered. It has an open-ended strike length of 7.5 kilometres and consists of scattered quartz-bornite-chalcocite-magnetite-plus-or-minus-chalcopyrite-plus-or-minus-tetrahedrite veins and stringers up to 20 centimetres wide. These veins and stringers occur along the edge of the Miocene-age Bridge River pluton, which is hosted within the Coast Plutonic complex. Fourteen of the 27 grab samples collected along the Bornite trend during the initial reconnaissance of this area in 2012 had Cu ranging up to a maximum of 4.34% Cu; Au ranging from 0.001 to 0.445 g/t; and Ag from 3.34 to 4,170 g/t. The presence of magnetite in the quartz-bornite-chalcocite veins possibly makes this a target that can be readily identifiable by airborne magnetics. Mineralization is located approximately 10 kilometres south of Amarc Resource's recently discovered IKE deposit.

The 2013 work program on the Mackenzie property consisted of two weeks of follow-up mapping and sampling to better delineate the extent and character of the Bornite Trend copper mineralization. A total of 25 rock samples were collected there during the 2013 program including 10 grab samples of mineralized material. Values in the mineralized material show elevated copper and gold values, with values up to 32.2% Cu and 8.55 g/t Au. Assay values for the mineralized samples collected during 2013 are tabulated below. Values show a clear copper-gold-silver-bismuth association typical of gold bearing porphyry deposits. In addition to the mapping and sampling, approximately 30 line kilometres of reconnaissance ground magnetic surveying was carried out at Mackenzie. Results show a good correlation with known geology.

During September 2015, a high resolution airborne magnetic and radiometric survey, which covered a 57 square kilometre area and included the Bornite Trend, was completed on the Mackenzie Project. The survey identified a large magnetic target below the surface copper-magnetite mineralization on the western part of the property.

Several important characteristics of the area are revealed from interpretation of the airborne magnetic and radiometric data:

- Elevated values in the potassium radiometrics suggesting a potassic alteration zone associated with porphyry mineralization occurs over an area at least 6km long by 3km at its widest point within and parallel to the contact of the Bridge River Pluton.
- A large magnetic body — about 2,000m long by 500m wide and 150m below surface — lies directly beneath high copper values on surface in grab samples. Previous mapping and sampling indicates a strong association between copper mineralization and magnetite.
- Interpreted structural zones coincide well with surface exposures of mineralization that parallel the Bridge River Pluton contact. Cross structures also show magnetic enhancement and correlation with copper in grab samples.

In September 2016, a sampling program was focussed on the higher magnetic zones identified at the Bornite Trend. These sample results indicate three zones of anomalous copper in soil along the edge of the potassic altered intrusive.

It is believed that the copper rich samples found along the Bornite Trend may represent a halo to a more significant copper mineralized system represented by the large magnetic body at depth (interpreted from the airborne magnetics) and the associated large potassium alteration anomaly at surface.

Salal

The Salal molybdenum-rhenium-silver property is located about 150 kilometres due north of Vancouver, 65 km northwest of Pemberton and 100 km west of Lillooet and is comprised of 34 claims covering 124 square kilometres. The Company holds a 100% undivided interest in the property subject to (i) a 2% NSR on seven of 34 claims, half of which can be purchased for \$500,000 and (ii) a 1.5% NSR in favour of another party on a single claim, 50% of which can be purchased for \$500,000 with an additional right of first refusal on the remaining 50% should the claim vendor decide to sell all or any part of their interest in the NSR. Additionally, a 1.5% NSR on the Salal property was granted to Wallbridge in connection with Miocene's prior line of credit arrangements with Wallbridge. The Company's promissory note payable to Wallbridge is secured through a first charge on the Salal property. On March 31, 2016, the Wallbridge NSR was increased to 1.75% in connection with the amended promissory note agreement (see details above in Mackenzie property description). Sufficient assessment work has been filed to hold the claims until August 1, 2019.

The property has a 50 year exploration history during which a 15 kilometre trend of molybdenum occurrences was defined. This mineralization is reflected by the strongest molybdenum stream sediment anomaly in British Columbia when compared to the BC Geological Survey database. Historically, no sustained effort has been made to drill the widespread occurrence of molybdenum on the property; in spite of chip samples, which returned potentially economic grades of molybdenum mineralization over potentially minable widths (e.g. 85 metres of 0.077% Mo, 55 metres of 0.191% Mo and 30 metres of 0.084% Mo), numerous high-grade grab and float samples, and molybdenum mineralization exposed in creek valleys over vertical distances of up to 150 metres.

All technical information within this document has been reviewed and approved by Shannon Baird, P. Geo. the Company's exploration manager in his capacity as a qualified person as defined under National Instrument 43-101.

Results of Operations

Expenses

For the three month period ended February 28, 2018, total expenses (before other income and expenses) were \$295,107 (Q2 fiscal 2017 - \$242,331). Total expenses (before other income and expenses) were \$52,776 higher during the second quarter of fiscal 2018 when compared to the same quarter of fiscal 2017. Higher promotion and investor relations costs of \$46,861 accounted for the majority of this increase and related to several new promotional campaigns initiated during fiscal 2017 and during the quarter which are focused on raising the Company's on-line profile and investor awareness. Regulatory authority and transfer agent fees were \$454 higher being relatively consistent with the second quarter of fiscal 2017. Legal and audit fees were \$7,752 higher during the quarter due to primarily to higher legal costs. Office, general and administrative costs were \$20,278 higher during the second quarter of fiscal 2018. Chief Executive Officer compensation allocated to corporate administration increased by \$11,010 during the quarter (versus being allocated to project exploration costs during the second quarter of fiscal 2017). Additionally, Chief Financial Officer compensation was \$16,639 higher during the quarter relating to increased activity related to preparation of the first quarter interim financials; management's information circular; transition of bookkeeping function; and, the private placement financing. These increases in administrative costs were

partially offset by cost savings of \$15,947 as no costs were incurred related to the Company's former Executive VP, Corporate Development and former manager of corporate administration. Share based compensation expense was \$22,569 lower during the quarter primarily relating to lower RSU charges of \$43,967 offset by increased DSU charges of \$18,000.

Other Income and Expense

Other expenses during the second quarter totalled a net amount of \$16,039 (Q2 fiscal 2017 - \$35,217). Interest expense related primarily to bridge loans and promissory notes payable totalled \$16,109 during the quarter and was \$19,686 lower than in the second quarter of fiscal 2017 following the repayment of certain bridge loans and promissory notes over the past year.

Net Loss and Loss per Common Share

For the three month period ended February 28, 2018, net loss was \$311,146 (Q2 fiscal 2017 - \$277,548). Basic and diluted loss per common share was \$0.00 (Q2 fiscal 2017 - \$0.00). For the six month period ended February 28, 2018, net loss was \$659,438 (fiscal 2017 - \$516,942). Basic and diluted loss per common share was \$0.01 (fiscal 2017 - \$0.01). As the Company incurred a net loss for each of these periods, the diluted number of common shares outstanding excludes all contingently issuable shares as they have an anti-dilutive effect for the periods presented.

Other Comprehensive Loss

Upon consolidation, the financial statements of the Jamaican subsidiaries (CRJL and RJL) are translated into Canadian dollars as follows: assets and liabilities - at the closing rate at the date of the statement of financial position, and income and expenses - at the average rate for the period. All resulting foreign exchange translation adjustments are recognized in other comprehensive income (loss). During the three month period ended February 28, 2018 a foreign currency translation gain of \$66,122 (fiscal 2017 - loss of \$19,863) was recorded in other comprehensive loss.

LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2018, the Company held cash of \$162,632 (August 31, 2017 - \$665,096) and had a working capital deficiency of \$715,556 (August 31, 2017 - \$19,605). The Company has financed its operations primarily with equity financing but has also financed components of operating expenses, property costs and exploration costs with accounts payable, bridge loans and promissory notes payable.

Subsequent to quarter end, during March 2018, all outstanding promissory note and bridge loan liabilities were extinguished with common shares valued at \$464,115 and cash payments of \$133,335.

On September 30, 2017, an amending agreement with respect to the outstanding bridge loan was entered into. This amending agreement set out requirements for principal and interest payments as follows: (i) principal of \$35,000 and interest of \$6,000 during October 2017 (paid); (ii) principal of \$35,000 on November 15, 2017 (paid); and, (iii) principal of \$30,000 and interest of \$2,138 on December 31, 2017 (paid during March 2018).

During the quarter ended February 28, 2018, the Company closed the first tranche of its private placement financing for gross proceeds of \$116,430. Second and third tranches of this placement were closed during March 2018 for additional proceeds of \$2,883,570. In total \$3,000,000 was raised in all three tranches of the placement.

The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

The Company continues to seek joint venture funding for its exploration projects and has ongoing discussions with a number of companies that are interested in the Jamaica mineral properties.

Financing activity during fiscal 2017

On March 2, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$1,600,000 with the issuance of 20,000,000 units at a price of \$0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.15 per common share and has a two year term to expiry on March 3, 2019.

On March 8, 2017, the Company paid a total of \$64,936 to Wallbridge in payment of the outstanding interest on the promissory note and an outstanding account payable balance as at February 28, 2017. On March 14, 2017, the Company amended the promissory note with Wallbridge to extend the repayment date from December 31, 2017 to December 31, 2019. In connection with this extension of the repayment date Wallbridge was granted a right to participate in any future financings of the Company such that they can obtain up to a 15.5% equity interest in the Company's outstanding common shares. Wallbridge has also been given a right to convert any of the remaining promissory note indebtedness, at any time, into common shares of the Company at a price equal to the 4-day volume weighted average price of the Company's common shares preceding the date of any conversion. This conversion right was exercised during March 2018 with the full settlement of the Wallbridge note in the amount of \$293,204 in exchange for 5,367,266 common shares.

On April 28, 2017, the Company entered into a Promissory Note Extension Agreement with respect to the \$180,000 principal value note and accrued interest of \$70,057 (interest accrued to April 30, 2017) which was previously due on January 31, 2017. Under the terms of this agreement a partial cash payment of \$100,057 (comprised of \$30,000 of principal and all accrued interest) was made during May 2017. The balance of \$150,000 in principal is due on January 30, 2018 and remains subject to 12% interest per annum. In the event that the Company proposes an offering of its common shares or securities convertible into common shares to raise funds for the Company on or before January 30, 2018, the promissory note holder retains a right to subscribe for such offered securities having a value of up to \$150,000 with the same terms as those offered to other investors. During March 2018, a balance of \$119,438 was settled with the issue of 1,990,634 common shares. The balance due of \$59,972 was repaid in cash.

On April 30, 2017, the Company entered into an amended agreement with respect to the \$95,000 principal value note and accrued interest of \$21,270 which was previously due on December 31, 2016. Under the terms of this agreement, the promissory note holder agreed to accept 500,000 common shares of the Company valued at \$60,000 as partial payment (see below). The balance due of \$56,270 is due December 15, 2017 and remains subject to 12% interest per annum. During March 2018, a balance of \$22,202 was settled with the issue of 375,000 common shares. The balance of \$40,000 was repaid in cash.

On May 18, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$1,365,000 with the issuance of 13,000,000 units at a price of \$0.105 per unit. Each unit was comprised

of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.15 per common share and has a two year term to expiry on May 19, 2019.

On June 22, 2017, the Company issued a total of 3,108,696 common shares as partial settlement of three promissory notes with a total value of \$360,000. Wallbridge Mining Company Ltd. was provided 2,173,913 common shares in settlement of \$250,000 with respect to the promissory note due December 31, 2019. An amount of \$50,000 was settled with the issuance of 434,783 common shares with respect to the promissory note which had a principal value of \$150,000 due January 31, 2018. Additionally, an amount of \$60,000 was settled with the issuance of 500,000 common shares with respect to the promissory note which had a principal value of \$95,000 due December 31, 2017.

On August 30, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$100,000 with the issuance of 1,250,000 units at a price of \$0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.13 per common share and has a two year term to expiry on August 31, 2019.

Contractual Obligations

The Company does not have any fixed contractual obligations or commitments for capital or operating leases, purchase obligations or other long-term commitments except for those related to its corporate office rental agreement. Any commitments under exploration option agreements are cancellable at the Company's option but would result in forfeiture of rights under such agreements.

Under the terms of a cost sharing agreement with Rampton Resource Group Inc. ("RRG"), the Company has been committed to paying \$975 per month for office rental costs. Effective August 31, 2017, six months advance notice of termination of this agreement was provided such that the obligation for monthly rent terminated on February 28, 2018.

OUTSTANDING SHARE DATA

Information with respect to outstanding common shares, warrants, compensation options, compensation option warrants, stock options, restricted share units and deferred share units as at April 24, 2018, February 28, 2018 and August 31, 2017 is as follows:

	April 24, 2018	February 28, 2018	August 31, 2017
Common shares	167,724,229	111,443,975	109,503,475
Warrants	45,400,000	22,870,250	21,900,000
Compensation options	2,642,124	756,624	756,624
Compensation option warrants	1,321,063	378,313	378,313
Stock options	6,485,000	6,485,000	6,735,000
Restricted share units (RSUs)	1,371,147	1,371,147	1,134,897
Deferred share units (DSUs)	1,433,510	1,433,510	1,433,510
Fully diluted shares outstanding	226,377,073	144,738,819	141,841,819

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, exploration advances, accounts payable and accrued liabilities, bridge loan and promissory notes payable. Details relating to financial instruments and risk management associated with credit risk, liquidity risk, currency risk and interest rate risk are disclosed in note 14 to the annual consolidated financial statements for the years ended August 31, 2017 and 2016.

PROPOSED TRANSACTIONS

The Company periodically reviews potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. With the withdrawal of OZ Minerals from the Jamaican joint venture and the subsequent return of 100% of the Bellas Gate project and the purchase from OZ Minerals of their other Jamaican assets, the Company has the flexibility to prioritize organic growth or the potential for joint venture funding on a project by project basis. The Company continues to speak with a number of companies that are interested in the Jamaica mineral properties.

RELATED PARTY TRANSACTIONS AND COMPENSATION OF KEY MANAGEMENT

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Chief Financial Officer and Director. Compensation awarded to key management for the three and six month periods ended February 28, 2018 and 2017 is set out in the note 11 to the unaudited interim condensed consolidated financial statements.

The Company has management service agreements with each of the following: its former Chief Executive Officer and President and its Chief Financial Officer which provide for a payment upon termination without cause. These payments are equivalent to 18 months' compensation for each of these two individuals. The service agreements also provide that, should a change in control event occur that each of these individuals would be entitled to a lump sum payment equivalent to 24 months' compensation irrespective of whether their services were retained subsequent to the change in control.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mineral exploration properties and deferred exploration expenditures; the valuation of equity instruments including warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Details with respect to critical accounting estimates, judgments and estimation uncertainties are disclosed in note 3 to the annual consolidated financial statements for the years ended August 31, 2017 and 2016.

NEW ACCOUNTING STANDARDS

New and revised accounting standards, the timing of their adoption and the impact of these new standards on the Company's financial statements is discussed in note 3 to the unaudited interim condensed consolidated financial statements for the three and six month periods ended February 28, 2018 and 2017.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investment in the natural resource industry in general, and the exploration and development sector in particular, involves a great deal of risk and uncertainty. Current and potential investors should give special consideration to the risk factors involved. These factors are discussed more fully in the annual Management's Discussion and Analysis dated December 6, 2017 which is filed on SEDAR.

CORPORATE INFORMATION

Officers and Directors

Anthony Houston, B.Sc., MAIG – Interim Chief Executive Officer and President

Jeffrey Ackert, BSc. – Vice President, Business Development and Director

John McNeice, CA, CPA – Chief Financial Officer

Chris Irwin, BA, LL.B – Corporate Secretary

Alar Soever, P. Geo. – Director and Chairman of the Board

Gregory LeBlanc, B.A, M.A. – Independent Director

Antony Manini, B.Sc., FAusIMM, FSEG – Independent Director

Mark Pfau, M.Sc. (Geology), Economic Geologist – Independent Director

Vern Rampton, Ph. D, P. Eng. – Director

Yale Simpson, BApSc. – Independent Director

Corporate Web-site

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Toronto, ON M5H 2V1

Phone: (647) 953-5924

Independent Auditor

PricewaterhouseCoopers LLP, Ottawa, Canada

Corporate Legal Counsel

Irwin Lowy LLP, Toronto, Canada

Corporate Banker

The Bank of Nova Scotia, Ottawa, Canada