

KERR MINES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED MARCH 31, 2018
EXPRESSED IN CANADIAN DOLLARS

Prepared by:

KERR MINES INC.

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Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Kerr Mines Inc. ("Kerr" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended March 31, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2017 and June 30, 2016, together with the notes thereto and the condensed interim consolidated financial statements of the Company for the three and nine months ended March 31, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of May 13, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, (the "Board") considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Kerr common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Kerr's website at www.kerrmines.com or on the System for Electronic Documents Analysis and Retrieval (SEDAR) at www.sedar.com.

Caution Regarding Forward-looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
Potential of Kerr's interests to contain economic deposits of gold production	Financing will be available for future exploration and development of Kerr's properties; the actual results of Kerr's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Kerr's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Kerr, and applicable political and economic conditions will be favourable to Kerr; the price of gold and applicable interest and exchange rates will be favourable to Kerr; no title disputes exist with respect to the Company's properties	Precious metal price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Kerr's expectations; availability of financing for and actual results of Kerr's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's cash balance at March 31, 2018, is sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company's consolidated cash balance is \$3,331,072	The operating and exploration activities of the Company for the nine-month period ending March 31, 2019, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Kerr	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
Management's outlook regarding future trends (see "Trends")	Financing will be available for the Company's exploration and operating activities; the price of	The volatility of the price of gold; changes in debt and equity markets; interest rate and exchange rate fluctuations;

	gold will be favourable to the Company	changes in economic and political conditions
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Inherent in forward-looking statements are risks, uncertainties and other factors beyond Kerr's ability to predict or control. Please refer to those risk factors included in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Kerr's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Kerr Mines is a TSX listed gold development and exploration company, focused on creating value for shareholders by advancing its flagship asset, the Copperstone project. The Company has a 100% leasehold interest in the exploration and development stage Copperstone project which consists of 546 Federal unpatented mining claims covering an area of approximately 4,775 hectares (11,800 acres) and about two square miles of Arizona State Land Trust mineral exploration permits located in La Paz County, Arizona. Copperstone lies in the 350 mile long Arizona-centered Detachment Fault Terrane, stretching from near Las Vegas, Nevada to southeastern Arizona, and along the Colorado River between Arizona and California. The terrane includes the Mesquite Mine in California, with historic production and 2013 resources of about 9,000,000 Troy ounces of gold.

Within the Copperstone project is the Copperstone Mine. The Copperstone Mine, previously operated by Cyprus Minerals Corporation, produced nearly one-half million ounces of gold between 1987 and 1993 through open pit mining. Ackerman (1998) reported production by Cyprus at Copperstone of 514,000 oz of gold from 5,600,000 Mt of ore grading 2.8 g/tonne (0.089 oz/t) of gold. Existing infrastructure which remains from this time, or which had been subsequently installed by the Company's predecessor, American Bonanza Gold Corp, is considerable and serves to reduce the current capital requirements for the mine. Existing infrastructure includes a power line and substation, and three water wells. Additional infrastructure includes underground development and supporting infrastructure, offices, maintenance shops, a laboratory building, permitted tailings facility and mineral processing facility, all sufficient for the proposed potential operations at the Copperstone mine. In addition, the Copperstone Mine is fully permitted for operation.

As outlined in the NI 43-101 Preliminary Feasibility Report highlights, dated April 10, 2018, the Copperstone Zone, located down dip of the ore body mined by Cyprus, using a model cut-off of 0.100 ounces per ton contains a Measured + Indicated mineral resource of 1,239,800 tons at 0.223 ounces per ton average grade

for 276,100 ounces of contained gold and an Inferred resource of 734,100 tons at 0.198 ounces per ton average grade for 145,700 ounces of contained gold.

Operational Highlights

Corporate

On July 10, 2017 the Company closed the final tranche of a non-brokered private placement, by issuing 8,803,896 units for gross proceeds of \$1,584,701. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of \$0.27 per share for a period of 24 months from the date of issuance, provided, that if, at any time the common shares trade at a volume weighted average trading price of \$0.40, or greater, per share for a period of 20 consecutive trading days. The Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company. The fair value of the 4,401,948 share purchase warrants was estimated at \$573,900 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1%; volatility 103% and an expected life of 24 months.

On December 14, 2017, the Company closed a non-brokered private placement, by issuing 20,371,869 common shares of the Company at a price of \$0.30 per share for total gross proceeds of \$6,111,564. In connection with the private placement, the Company paid finder fees totaling \$209,387 to certain eligible persons.

At March 31, 2018, the Company had assets of \$23,671,666 (June 30, 2017 - \$25,662,990) and a net equity position of \$9,220,607 (June 30, 2017 - \$9,911,189). At March 31, 2018, the Company had current liabilities of \$1,184,110 (June 30, 2017 - \$3,155,131). The Company had net exploration and evaluation expenditures of \$6,959,882 during the nine months ended March 31, 2018 (nine months ended March 31, 2017 - \$3,171,320) on its gold interests.

Current and Future Plans Related to Exploration Activities

The 2017 Phase-I exploration program was developed to provide a pathway for increasing resources in both the Copperstone and Footwall zones. The program advanced knowledge of mineralizing controls of ore zones at the Copperstone Mine and provided a pathway for adding resources by confirming mineralization, improving continuity and increasing mineralized extents along continued open trends in both the Copperstone and Footwall Zones. The 2017 program is the foundation of the PFS economics and forthcoming production decision.

Building upon the outcomes of 2017 drilling and PFS, the 2018 Phase-II exploration drilling program is aimed at increasing mine life beyond the Study mine life through upgrading and increasing resources. The objectives of the 2018 program include extension of known gold zones and addition of Inferred mineralization near existing development.

Copperstone 2018 Phase-II exploration plan:

- Up to 6,500 meters with the objective of upgrading Inferred tonnes to Indicated or better and to improve continuity and grade of the M&I mineral resource tonnes that were not part of the P&P mineral resource tonnes in the current resource.
- Up to 5,500 meters to test additional zones and add Inferred tonnes.
- Up to 2,000 meters for structural, geotechnical and metallurgical purposes.

Drilling location targets for additions and conversions are associated with structural, alteration and lithologic controls which have demonstrated to have significant support for mineralization. Drilling targets also include areas of magnetite skarns and replaced limestones which often demonstrate significant upside potential in near mine extents.

Operational Update

- On August 8, 2017, the Company then underwent a tender process and awarded the three key contracts to support the execution of the 2017 Copperstone Mine exploration program and pre-feasibility study.
- On August 15, 2017, the Company launched the first phase of the 2017 surface exploration drilling campaign for the 2017 Copperstone Mine exploration program and pre-feasibility study.
- On August 21, 2017, the Company commenced the first phase of the 2017 underground drill access mine development for the 2017 Copperstone Mine exploration/development program and pre-feasibility study.
- On August 25, 2017, the Company began the first phase of the 2017 underground exploration and development drilling program.
- On September 11, 2017, the Company added a second surface drill to the first phase of the 2017 surface exploration drilling campaign for the 2017 Copperstone Mine exploration program and pre-feasibility study.
- On October 17, 2017, the Company announced the addition of two exploration claims for the Copperstone Project was initiated. 541 hectares (1,338 acres) of land is in the process of being added for the purposes of future exploration of the Blue Pearl targets. The Blue Pearl targets are contiguous to existing claims and were generated by magnetic resonance imagery.
 - On October 24, 2017, the Company announced the discovery of a new mineralized zone at the Copperstone Project. The Footwall Zone is parallel to and 150 meters (500 feet) to the west of the Copperstone Zone.
 - On November 2, 2017 the Company announced initial results of its Phase I underground drilling program with 10 of 12 drill holes intersecting significant gold mineralization and increasing the confidence in expanding the resource at the Company's Copperstone project in Arizona.
 - Results extend down-dip and up-dip gold grade and extend mineralized areas along strike in 2 sections of the Copperstone Zone.
 - New intervals drilled from underground through the D Zone include:
 - 2 feet @ 16.2 g/t Au (KER-17U-12)
 - 20 feet @ 8.6 g/t Au (KER-17U-06)
 - 15 feet @ 5.1 g/t Au (KER-17U-04)

- 10 feet @ 7.9 g/t Au (KER-17U-05)
 - 13 feet @ 6.2 g/t Au (KER-17U-11), and
 - 9 feet @ 5.4 g/t Au (KER-17U-11)
- On January 15, 2018 the Company announced further results of its Phase I surface drilling program. KER-17S-21 further extends the Footwall Zone by returning a 36.6 meter drill hole interval with 7.5 g/t gold (Au) and 0.26% copper (Cu). Phase I of the program continues to confirm significant gold mineralization and increases the confidence in expanding the resource at the Company's Copperstone Project in Arizona.
 - New intervals drilled from the surface through the Footwall Zone included:
 - 3.4 meters @ 7.9 g/t Au and 2.78 % Cu (KER-17S-10)
 - 4.6 meters @ 13.2 g/t Au and 1.28 % Cu (KER-17S-13)
 - 4.3 meters @ 6.8 g/t Au and 0.19 % Cu (KER-17S-17)
 - 36.6 meters @ 7.5 g/t Au and 0.26 % Cu (KER-17S-21)
 - Increase of 255% of mineralized zone including an increase of 223 meters of strike and 91 meters of dip extents compared to previously announced Footwall Zone.
 - Discovery of a new and separate Footwall mineralized zone with 105 meters of strike and 240 meters of dip.
 - Open for further expansion along strike and dip with future drilling.
- On February 21, 2018 the Company announced final results of its Phase I underground drilling program. KER-17U-50 further extends the Copperstone Zone by returning a 7.3 meter drill hole interval with 102.7 g/t gold (Au). This conclusion of Phase I of the underground program confirms significant gold mineralization and increases the potential in expanding the resource at the Company's Copperstone Project in Arizona.
 - New intervals from underground drilling the Copperstone Zone include:
 - 3.5 meters @ 20.3 g/t Au and 0.38 % Cu (KER-17U-21B)
 - 7.3 meters @ 102.7 g/t Au and 0.08 % Cu (KER-17U-50)
 - 5.0 meters @ 8.1 g/t Au and 0.74 % Cu (KER-17U-51)
 - 3.2 meters @ 7.8 g/t Au and 0.08 % Cu (KER-17U-52)
 - 3.4 meters @ 9.5 g/t Au and 4.01 % Cu (KER-17U-53)
 - 2.8 meters @ 7.6 g/t Au and 0.15 % Cu (KER-17U-57)
 - 3.5 meters @ 6.2 g/t Au and 0.03 % Cu (KER-17U-68)
 - Established continuity between previously mineralized zones.

- Open for further expansion along strike and dip with future drilling.
- On April 10, 2018 the Company announced preliminary feasibility study highlights 40% IRR, Updated Resource, Proven Reserves and Production in 2019
 - Copperstone PFS Highlights (all values US\$ unless otherwise noted):
 - Base case \$1,250/oz gold;
 - Initial capital of \$22.7 million which includes a mine equipment capital lease;
 - Study life operating margin (EBITDA) of \$89M, Internal rate of return of 40%;
 - Payback of initial capital within 2.3 years of 2019 production start;
 - Recovery of gold averaging 95% using crushing, grinding and whole ore leach;
 - Average annual sales of 38,347 ounces gold;
 - Cash Operating Cost of \$684 per gold ounce;
 - All-in Sustaining Cost ("AISC") of \$875 per gold ounce;
 - Measured and Indicated ("M&I") Mineral Resources of 1,124,800 tonnes averaging 7.63 g/tonne gold;
 - 276,100 ounces contained gold in M&I Resource;
 - Inferred Mineral Resources of 666,000 tonnes averaging 6.81 g/tonne gold;
 - 145,700 ounces contained gold in Inferred;
 - Proven and Probable ("P&P") Mineral Reserves of 802,048 tonnes averaging 6.79 g/tonne gold;
 - 175,093 ounces contained gold in P&P Reserve;
 - M&I gold resources ounces, which are not part of the P&P reserve ounces, are targeted for potential inclusion in the P&P reserves through recommended future drilling;
 - Inferred gold resources are open for further expansion and conversion through recommended future drilling in the Copperstone and Footwall zones.

Technical Disclosure

The above technical disclosure under the heading "Current and Future Plans Related to Exploration Activities" has been prepared under the supervision of Michael R. Smith, RM-SME., and a "qualified person" within the meaning of National Instrument 51-101.

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Trends

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the gold price will be favourable, and hence it may be possible to obtain additional funding for its projects.

Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

Quarterly Information

A summary of selected financial information of Kerr for each of the eight most recent completed quarters is as follows:

Three Months Ended	Total Revenue (\$)	Loss (Income)		Total Assets (\$)
		Total (\$)	Per Share (\$)	
March 31, 2018	-	3,418,160	0.01	23,671,666
December 31, 2017	-	4,958,191	0.02	24,729,262
September 30, 2017	-	2,917,360	0.01	22,346,743
June 30, 2017	-	1,007,274	0.01	25,662,990
March 31, 2017	-	(409,163)	(0.00)	20,111,125
December 31, 2016	-	2,770,882	0.01	22,736,550
September 30, 2016	-	(2,032,856)	(0.01)	25,900,377
June 30, 2016	-	6,288,020	0.03	25,267,868

Discussion of Operations

Three months ended March 31, 2018, compared with the three months ended March 31, 2017

Kerr's net loss totaled \$3,418,160 for the three months ended March 31, 2018, with basic and diluted loss per share of \$0.01. This compares with a net income of \$409,163 with basic and diluted earnings per share of \$0.00 for the three months ended March 31, 2017. The increase in the net loss of \$3,827,323 was principally because:

- Exploration and evaluation expenditures for the three months ended March 31, 2018 were \$2,071,782 (three months ended March 31, 2017 - \$1,932,678). The increase is due to work to complete the pre-feasibility.
- Net gain on settlement of debt was \$nil during the three months ended March 31, 2018, compared to a gain of \$1,806,875 for the three months ended March 31, 2017.
- For the three months ended March 31, 2018, the Company recorded a foreign exchange loss of \$271,110, compared to a foreign exchange gain of \$998,460 for the three month ended March 31, 2017, due to the devaluation of the Canadian dollar against the US dollar.

Nine months ended March 31, 2018, compared with the nine months ended March 31, 2017

Kerr's net loss totaled \$11,293,711 for the nine months ended March 31, 2018, with basic and diluted loss per share of \$0.05. This compares with a net loss of \$328,863 with basic and diluted loss per share of \$0.00 for the nine months ended March 31, 2017. The increase in the net loss of \$10,964,848 was principally because:

- Exploration and evaluation expenditures for the nine months ended March 31, 2018 were \$6,959,882 compared to the nine months ended March 31, 2017 of \$3,171,320. The increase is due to work to be completed for the pre-feasibility.
- Net gain on settlement of debt was \$1,269,335 during the nine months ended March 31, 2018, compared to a gain of \$5,506,400 for the nine months ended March 31, 2017.
- For the nine months ended March 31, 2018, the Company recorded a foreign exchange loss of \$1,386,351, compared to a foreign exchange gain of \$722,640 for the nine month ended March 31, 2017, due to the devaluation of the Canadian dollar against the US dollar.
- Share-based payments were \$1,265,496 during the nine months ended March 31, 2018 because the Company granted options to acquire 9,880,000 common shares vesting immediately and over periods. No stock options were granted or expensed during the nine months ended March 31, 2017.

Liquidity and Capital Resources

The activities of the Company, principally the exploration and development of its flagship asset, the Copperstone project, and are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants.

The Company had cash of \$3,331,072 at March 31, 2018 (June 30, 2017 - \$5,065,452). The decrease in cash of \$1,734,380 during the nine months ended March 31, 2018 was primarily due to the cash used in operating activities of \$8,985,277, which was offset by cash received from the private placements completed.

Cash used in operating activities was \$8,985,277 for the nine months ended March 31, 2018. Operating activities were affected by the net decrease in non-cash working capital balances of \$196,095 because of a decrease in accounts payable and accrued liabilities of \$228,940 and increases in amounts receivable and other assets of \$18,383, and offset by a decrease in prepaid expenditure of \$43,947 and a decrease of \$7,281 in inventories. The Company also recorded depreciation of equipment of \$473,368, share-based payment of \$1,265,496, and a change in unrealized foreign exchange of \$1,639,583.

Cash provided by financing activities was \$7,197,837 the nine months ended March 31, 2018 primarily because of net proceeds of \$7,397,837 received from the private placements.

The Company has no operating revenues, and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of March 31, 2018, the Company had 255,785,168 common shares issued and outstanding, 9,880,000 options that would raise \$2,213,600 if exercised and vested in

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full, and 22,222,217 warrants outstanding that would raise \$6,000,000, if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

On August 22, 2016, Kerr renegotiate its long term debt with Braydon Capital Corporation and Trans Oceanic Minerals Corporation Ltd to have a maturity date of three years of August 22, 2019 and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year.

At March 31, 2018, the Company had a working capital of \$2,987,869 (June 30, 2017 – \$2,784,073). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements. Currently, the Company's operating expenses are approximately \$150,000 to \$225,000 per month for management fees, month-to-month professional fees and other working capital related expenses. The Company is also expected to execute a Copperstone Mine production decision based on the strong economics of the project as outlined in the PFS highlights issued April 10, 2018. This production decision, coupled with the attainment of project financing to fund the initial capital requirements to begin gold production and fund the 2018 exploration program, is currently anticipated for Q3 2018. Subject to these activities, the Company needs to secure additional financing to carry on business activities. See "Current and Future Plans Related to Exploration Activities" above. The major variables are expected to be the size, timing and results of the Company's 2018 exploration program and its ability to secure capital to fund its ongoing operations. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. However, management is increasingly confident that with the continued support of advisors, shareholders and creditors and improving equity markets, it will be able to proceed with its strategy of redeveloping the Copperstone Mine.

Additional measures have been undertaken or are under consideration to further reduce cash expenditures.

See "Risk Factors" below.

Outstanding Share Data

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding:

Securities	
Common shares	255,785,168
Issuable under options	9,880,000
Issuable under warrants	22,222,217
Total Securities	287,887,385

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DCP") as well as internal controls over financial reporting ("ICFR") as described in our 2017 annual MD&A.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the participation of management last completed an evaluation of the design and operating effectiveness of the Company's

DCP's and ICFR's as at June 30, 2017. Based on that assessment, management concluded that the Company's ICFR were operating effectively at June 30, 2017 which was based on the COSO Model.

During the three and nine months ended March 31, 2018, the CEO and CFO have evaluated whether there were changes to the ICFR that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation which was based on the COSO Model.

Critical Accounting Judgements, Estimates and Assumptions

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

Judgments:

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next year are discussed below:

Exploration and evaluation stage

In management's judgement, the Company's operations are in the exploration and evaluation stage.

Mineral properties

Operating levels intended by management for the Copperstone mine

Prior to a mine being capable of operating at levels intended by management, costs incurred are either expensed or capitalized based on the type of costs incurred. Costs related to developing the property are generally capitalized, while care and maintenance costs and costs related to exploration and evaluating new ore bodies are expensed. Management considers the Copperstone mine is capable of operating at levels intended by management once it reached consistent production of no less than 60% of planned volume for a period of 30 consecutive days. As of March 31, 2018 the Copperstone mine had not met this target.

Functional currency

The functional currency for the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Impairment of property, plant and equipment

Assets or cash generating units are evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable

amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties, and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Present values are determined using a risk-adjusted pre-tax discount rate appropriate for the risks inherent to the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditure. The Company's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence, there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be charged against profit or loss.

Estimates:

The following are some of the more significant estimates made in the preparation of these consolidated financial statements:

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company's mining activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes management's best estimate for asset retirement obligations in the period in which they occur. Actual costs incurred in future periods could differ materially from the estimates. The ultimate cost of environmental remediation can vary in response to many factors including future changes to environmental laws and regulations, the emergence of new restoration techniques, changes in the life of mine estimates and in discount rates, which could affect the carrying amount of this provision.

Derivatives and Debt Valuation

The valuation of debt and embedded derivatives for convertible instruments is based on the application of a recognized option valuation formula, which is highly dependent on, amongst other things, the expected volatility of the Company's registered shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past stock trading data, adjusted for future expectations, and actual volatility may be significantly different.

The resulting value calculated is not necessarily the value that the holder of the instrument could receive in an arm's length transaction. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

Capital Management

The Company has loans payable, accounts payable and accrued liabilities and equity, and consequently defines capital as all of the components of debt and equity which as at March 31, 2018 amount to \$20,732,053 (June 30, 2017 - \$22,971,721). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

The Company's objectives and strategies when managing capital as follows:

- to safeguard the Company's ability to continue as a going concern,
- to provide sufficient capital through flow-through share issues for exploration and development purposes on the McGarry and Kerr projects. All flow-through share proceeds must be spent on qualifying expenditures and by a specific point in time,
- to raise sufficient non-flow through proceeds from share issues to meet general and administrative expenditures,
- to provide an adequate return to shareholders by advancing the Company's projects to production while ensuring it meets the listing requirements of the Toronto Stock Exchange, and
- to maintain the royalty prepayments within the limits allowed by the agreement.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and nine months ended March 31, 2018.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, marketable securities, restricted investments, long term receivable, accounts payable and accrued liabilities, promissory note payable, loans and borrowings, loan payable, convertible promissory notes, and net smelter return payable. As at March 31, 2018 and June 30, 2017, the carrying values of cash, accounts receivable, marketable securities, restricted investments, accounts payable and accrued liabilities, convertible promissory notes, loans payable and loans and borrowings approximate their fair values since they are expected to be settled in the

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short-term. The derivative in the convertible promissory note is marked-to-market at each period end and so the carrying amount also represents the fair value.

Fair Value Measurements of Financial Assets and Liabilities Recognized and Disclosed in the Consolidated Statements of Financial Position

Financial assets and liabilities are characterized using a fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

As at March 31, 2018	Level 1 \$	Level 2 \$	Level 3 \$
Marketable securities	2,519		
Restricted cash	1,515,078		
Long term promissory note payable		2,094,803	
Long term convertible promissory notes payable		4,179,013	
Long term loan payable		3,780,870	
Derivative in convertible promissory notes payable			272,651
Totals	1,517,597	10,054,686	272,651

As at June 30, 2017	Level 1 \$	Level 2 \$	Level 3 \$
Marketable securities	2,519		
Restricted cash	1,567,133		
Loans and borrowings		221,371	
Promissory note payable		2,000,000	
Convertible promissory notes payable		3,777,362	
Loan payable		3,609,763	
Other payables		239,262	
Derivative in convertible promissory notes payable			279,014
Totals	1,569,652	9,847,758	279,014

Interest Rate and Credit Risk

The Company has cash and restricted investment balances. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk.

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An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information when necessary. As at March 31, 2018, there were no receivables past due.

The majority of the Company's borrowings are fixed rate and therefore are not exposed to fluctuations in interest rates. Deposits held with banks may exceed the amount of insurance provided on such deposits.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had cash of \$3,331,072 (June 30, 2017 - \$5,065,452) to settle current financial liabilities of \$1,184,110 (June 30, 2017 - \$3,155,131). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution.

	Payments due by period				
	Total \$	Less than 1 year \$	1 – 3 years \$	4 – 5 years \$	After 5 years \$
Contractual obligations					
Accounts payable and accrued liabilities	1,184,110	1,184,110	nil	nil	nil
Long term promissory note payable	2,094,803	nil	2,094,803	nil	nil
Long term convertible promissory notes payable	4,179,013	nil	4,179,013	nil	nil
Long term loan payable	3,780,870	nil	3,780,870	nil	nil
Provisions	2,939,612	nil	nil	nil	2,939,612
	14,178,408	1,184,110	10,054,686	nil	2,939,612

Currency Risk

The Company's exploration activities are conducted in Ontario, Canada and Arizona, United States. Major purchases and exploration expenditures are transacted in US dollars. Administrative expenditures and cash balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk on its cash held in US bank, accounts payable and convertible promissory notes payable. As at March 31, 2018, the Company held approximately US\$2,840,000 of financial assets and held US\$6,066,000 in financial liabilities. A \$0.05 fluctuation in the value of the Canadian dollar would result in an increase or decrease to profit or loss of approximately \$161,000. The Company mitigates the risk of foreign currency fluctuations by converting Canadian dollars to US currency when required to fund expenditures. The Company does not currently hedge its foreign exchange risk.

New Standards not yet Adopted

IFRS 2 - Share-based Payment. IFRS 2 was amended in June 2016, clarifying the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for year ends beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 9 - Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its unaudited condensed interim consolidated financial statements.

IFRS 10 - Consolidated Financial Statements ("IFRS 10"). IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases. The Company does not expect this amendment to have a significant impact on its consolidated financial statements.

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016. The new standard brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its unaudited condensed interim consolidated financial statements.

Related Party Balances and Transactions

Related parties include the Board, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

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The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company has entered into a series of financial transactions with related parties Braydon Capital Corporation ("Braydon"), a company controlled by Claudio Ciavarella, a director and shareholder of Kerr, and Trans Oceanic Minerals Corporation Ltd. ("Trans Oceanic") and Tamimi Investment & Mining Company ("Tamimi"), companies controlled by Fahad Al Tamimi, Kerr's Chairman of the Board, a shareholder and creditor of Kerr.

- Braydon and Trans Oceanic have each agreed to provide the Company with a long term debt facility of C\$1,000,000 bearing interest at 8% after the first year and having a maturity date three (3) years from the date of issuance. Kerr has drawn against these facilities to meet its on-going working capital requirements, short term obligations and the payment of settlement amounts to various creditors. The notes are secured by a general security agreement in the Copperstone Mine. The balance as of March 31, 2018 of \$2,094,803 includes accrued interest of \$94,803 (June 31, 2017 - \$2,000,000 and \$nil interest)
- The Company issued a convertible promissory note in the amount of US\$2,100,000 to Northern Energy and Mining Inc. (the "Kerr Debenture"). The Kerr Debenture previously bore interest at the rate of 6% per annum. On August 27, 2015, an amending agreement was signed changing the rate of interest to 8% per annum and the principal amount owing to US\$2,054,570 payable in full by December 15, 2015. This payment was not made and represented a default. On March 4, 2016, the Kerr Debenture was purchased by Tamimi.

The Kerr Debenture was secured by a general security interest in the property of Bonanza Explorations Inc. and all the outstanding share capital of the Company's wholly-owned subsidiary Bonanza Exploration Inc. The principal amount of the Kerr Debenture is convertible into common shares of Kerr at the holder's option at a price of \$0.90 per share. As at March 31, 2018, the derivative component in the promissory note is valued at \$44,991 (June 30, 2017 - \$nil).

On August 22, 2016, Trans Oceanic agreed to amend the Kerr Debenture to have a maturity date of three years from the date of issuance of the amended note and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year. The balance as of March 31, 2018 of \$2,806,732 (US\$2,151,959) includes accrued interest of \$157,570 (US\$97,389) (June 30, 2017 – \$2,666,215 (US\$2,054,570) and \$nil interest)

- On March 9, 2016, the Company arranged US\$1,000,000 (CAD\$1,289,400) under a convertible grid promissory note (March 2016 Convertible Promissory Note") pursuant to which the Company can draw upon for general working capital purposes with Trans Oceanic. The note bore interest at 15% compounded monthly and was payable on demand. The holder has the right to convert any part of the amount owing common shares of the Company at a conversion price of \$0.065 per common share. No value was ascribed to the conversion feature as the note was repayable on demand. The note is secured by a general security agreement in the Copperstone Mine. As at June 30, 2016 the Company had drawn the full amount available of US\$1,000,000.

On August 22, 2016, Trans Oceanic amended both the March 2016 Convertible Promissory Note to have a maturity date of three years from the date of issuance of these amended notes and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year. The note is secured by a general security agreement in the

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Copperstone Mine. As at March 31, 2018, the derivative component in the promissory note is valued at \$227,660 (June 30, 2017 - \$279,014).

The balance as of March 31, 2018 of \$1,372,281 (US\$1,047,401) includes accrued interest of \$82,881 (US\$47,401) (June 30, 2017 – \$1,111,147 (US\$1,000,000) and \$nil interest)

- Long term loan payable was a promissory note ("Loan Payable") in the amount of \$5,109,763 with no fixed terms of repayment and an interest rate of 12% payable to Braydon. As of June 30, 2016, interest payments had not been made which was considered a default.

On August 22, 2016, Braydon agreed to waive interest owing pursuant to the Loan Payable outstanding as of June 30, 2016 totaling \$1,753,292. Braydon also agreed to convert \$1,500,000 of principal outstanding under the Loan Payable into 18,500,000 common shares. Braydon agreed to replace its residual debt of \$3,609,763 under the Loan Payable to have a maturity date of August 22, 2019 and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year. As of March 31, 2018 the balance was \$3,780,870, and includes accrued interest of \$171,107 (June 31, 2017 - \$3,609,763 and \$nil interest).

(b) The Company entered into the following transactions with related parties:

- A director is an owner of a company that provided capital markets and investor relations services to the Company. The amounts paid or accrued to the firm relating to the services provided in the normal course of business for the three and nine months ended March 31, 2018, \$30,000 and \$90,000, respectively, (three and nine months ended March 31, 2017 - \$nil). As at March 31, 2018, the company was owed \$30,000 (June 30, 2017 - \$nil)
- During the three and nine months ended March 31, 2018 the Company paid professional fees and disbursements of \$15,213 and \$18,978, respectively, (three and nine months ended March 31, 2017 - \$nil) to Marrelli Support Services Inc., ("Marrelli Support"), DSA Corporate Services Inc. ("DSA Corp") and DSA Filing Services Limited ("DSA Filing"), together known as the "Marrelli Group", for:
 - Carmelo Marrelli, President of Marrelli Group, to act as the Chief Financial Officer ("CFO") of the Company;
 - Bookkeeping services;
 - Regulatory filing services; and
 - Corporate secretarial services.

These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at March 31, 2018, the Marrelli Group was owed \$1,422 (June 30, 2017 - \$nil).

- A director is a partner in a legal firm that provided legal services to the Company. The amounts paid or accrued to the firm relating to services provided in the normal course during the three and nine months ended March 31, 2018 was \$19,332 and \$102,762, respectively (three and nine months ended March 31, 2017 - \$nil).

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(c) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended March 31, 2018 \$	Three Months Ended March 31, 2017 \$
Salaries and Benefits	78,186	9,627
Total	78,186	9,627

	Nine Months Ended March 31, 2018 \$	Nine Months Ended March 31, 2017 \$
Salaries and Benefits	313,779	233,750
Total	313,779	233,750

	Nine Months Ended March 31, 2018 \$	Nine Months Ended March 31, 2017 \$
Option-based payments ⁽ⁱ⁾		
Claudio Ciavarella (CEO and Director)	375,367	nil
Martin Kostuik (President and Director)	232,867	nil
Fahad Al-Tamimi (Director)	231,868	nil
Peter Damouni (Director)	89,368	nil
Ayman Arekat (Director)	89,368	nil
James McVicar (Director)	89,368	nil
Chris Hopkins (CFO)	89,368	nil
Total	1,197,576	nil

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	Three Months Ended March 31, 2018 \$	Three Months Ended March 31, 2017 \$
Option-based payments ⁽ⁱ⁾		
Claudio Ciavarella (CEO and Director)	181,540	nil
Martin Kostuik (President and Director)	39,040	nil
Fahad Al-Tamimi (Director)	142,500	nil
Total	363,080	nil

(i) The dollar values in respect of the options were arrived at using the Black-Scholes valuation model.

The directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company at the date of this MD&A.

Risk Factors

Due to the nature and current stage of development of the Company's business, the Company is subject to various financial, operational and political risks.

A prospective investor or other person reviewing the Company for a prospective investor should not consider an investment in the Company unless the investor is capable of sustaining an economic loss of the entire investment.

The risks and uncertainties identified and described below are not necessarily the only ones that could be faced by the Company. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified, actually occur, the Company's business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected.

Exploration and Mining Risks

The business of mining and exploring for minerals involves a high degree of risk. Due in some cases to factors that cannot be foreseen, only a small proportion of the properties that are explored worldwide are ultimately developed into producing mines. At present, the Company's Copperstone property has proven or probable reserves of 175,093 oz and the Company is continuing with programs that are exploratory in search for additional proven or probable reserves. The areas currently being assessed by the Company

may not contain economically recoverable volumes of minerals or metals. The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including labor disruptions, the inability to obtain suitable or adequate machinery, equipment or labor and other risks involved in the conduct of exploration programs. Once economically recoverable volumes of minerals are found, substantial expenditures are required to establish reserves through drilling to develop metallurgical processes, and to develop the infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Financing Risks

The Company has limited financial resources, and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's properties will be dependent upon the Company's ability to obtain financing through joint ventures, equity or debt financing or other means, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects.

Credit Risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to money-market funds held in a Canadian bank, and Goods and Services Tax due from the Federal Government of Canada, which are included in accounts receivable and sundry assets. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Interest Rate Risk

The Company has cash balances, short-term interest-bearing debt and some long-term interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The short-term note and long-term loans bear interest at fixed rates.

Estimates of Mineral Resources and Production Risks

The mineral resource estimates of the Company that may be included in this document by reference or otherwise are estimates only and no assurance can be given that any proven or probable reserves will be discovered, or that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit. Reserves that may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, the

Company's ability to recruit and retain sufficient personnel, the Company's ability to purchase or rent equipment and parts, and work interruptions. Any estimated mineral resources should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations.

Mineral Prices

The principal activity of the Company is the exploration and ultimate development of mineral resource properties. The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of the same. Factors beyond the control of the Company may affect the marketability of any substances discovered. Mineral prices have fluctuated widely, particularly in recent years. The feasible development of such properties is highly dependent upon the price of metals. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration work or loss of its interests in identified resource properties.

Competition

The Company competes with many companies that have substantially greater financial and technical resources than the Company for the acquisition of mineral properties as well as for the recruitment and retention of qualified employees and the purchase or lease of equipment and third-party servicing companies.

Environment and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which means stricter standards, and enforcement. Fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations, and permits. There can be no assurance that all permits which the Company may require for exploration and development of its properties will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

The Company believes it is in compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities resulting from exploration and/or mining activities and these may be costly to remedy.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities casing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or

criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Title Matters

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

Dependence on Key Personnel

The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of key management. Loss of any of these people could have a material adverse effect on the Company and its business. The Company has not obtained and currently does not intend to obtain key-person insurance in respect of any directors and other employees.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration-stage companies such as the Company, as well as junior producers, have experienced wide fluctuations in price which have not necessarily been related to the underlying asset values or prospects of such companies. Price fluctuations likely will continue to occur in the future.

No Dividends

Investors cannot expect to receive a dividend on their investment in the Company in the foreseeable future. Investors should not expect to receive any return on their investment in the Company's securities other than possible capital gains.

The Company has no operating history and a history of losses and there can be no assurance that the Company will ever be profitable

The Company has no mineral properties from which any ore has ever been extracted and sold and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future.

Political Risk

The Company currently conducts its activities in Ontario, Canada and in Arizona and Nevada, USA and is exposed to whatever risks and uncertainties exist or may come into effect in the future. There can, for example, be no assurance that future political and economic conditions in Ontario will not result in the government adopting policies respecting the development of interests in mineral resources which could be adverse to the Company's interests or profitability. Any such changes in policy could result in changes in laws affecting such matters as interests in assets, mining policies, monetary policies, taxation, rates of exchange,

environmental protection, labour relations, repatriation of income, and return of capital, which may affect both the Company's ability to undertake activities in respect of present and future properties in the manner currently contemplated.

Subsequent Event

On April 11, 2018, the Company released its PFS highlights that established an economic resource of 175,093 oz. The Company is in the process of arranging financing in order to advance the Copperstone project into production. Furthermore, the Company is in the process of continuing exploring its property to increase its economically recoverable resources. The continued operations of the Company are dependent upon the ability of the Company to obtain financing to complete the necessary exploration and development of such property.