NICOLA MINING INC.

November 7, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

FORM 51-102F1

For The Three and Nine Months Ended September 30, 2018

NICOLA MINING INC.
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For the Nine Months Ended September 30, 2018
(Prepared by Management)

GENERAL

The following discussion of financial performance, financial condition, cash flows and future prospects ("MD&A") should be read in conjunction with the audited consolidated financial statements of Nicola Mining Inc. ("Nicola" or the "Company") and notes thereto for the year ended December 31, 2017 and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018.

This MD&A for the three and nine months ended September 30, 2018 was prepared as of November 7, 2018. Unless otherwise indicated, all dollar amounts set out herein are expressed in Canadian dollars. Additional information and filings are available for review on the Company's SEDAR profile at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are forward-looking statements, which reflect management's expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Company, including (i) that Nicola or another party may be able to recommence operations at its Treasure Mountain Project, (ii) that Nicola will be able to close future financings, (iii) that Nicola will be able to continue to source and process mill feed in its Merritt Mill for third parties and move towards commissioning, (iv) that Nicola will be able to sell any of its real estate properties or any other non-core assets, (v) that Nicola will be able to close future financings to continue exploration of the New Craigmont Project and (vi) that Nicola will enter into any merger and acquisition transactions. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this MD&A. These assumptions, which include management's current expectations, estimates and assumptions about the Company raising sufficient capital such that it is able to meet its obligations, the Company's ability to recommence operations, including refurbishing and modifying the Merritt Mill to produce other metal concentrates, current mineral property interests, the global economic environment, the market price and demand for silver and other minerals, the Company's ability to manage its property interests and operating costs, and the value of its real property holdings and its non-core assets may prove to be incorrect. A number of risks and uncertainties could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) that Nicola or another party will be unable to recommence operations at its Treasure Mountain Project and continue operations at its Merritt Mill for any reason whatsoever, (2) a downturn in general economic conditions in North America and internationally, (3) volatility and fluctuation in the prices of gold silver, lead, zinc and other metals, (4) volatility and fluctuation in the price of the Company's stock and stock of resource issuers generally, and (5) other factors beyond the Company's control. Readers are cautioned that the foregoing list of factors is not exhaustive.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors and shareholders are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled “Risk Factors” below.

DESCRIPTION OF BUSINESS

Nicola is a junior exploration and custom milling company that is engaged in the business of identification, acquisition, and exploration of mineral property interests together with custom milling partnerships at its Merritt Mill.

PROJECTS

Treasure Mountain Project

Nicola’s Treasure Mountain Project is located northeast of Hope, British Columbia, approximately 3 hours from Vancouver, British Columbia. In November 2011, the Company completed the development of the required infrastructure at the Treasure Mountain Project to begin underground mining on a 10,000 tonne bulk sample permit. In May 2012, the Company received a mining lease covering 335 hectares of active workings out of 2,850 hectares of mineral tenures at the Treasure Mountain Project and a Mines Act permit for the Treasure Mountain Project for the removal of 60,000 tonnes per year of silver/lead/zinc mill feed from the underground mine and the transfer of the mill feed offsite for processing. The Treasure Mountain Project has been in care and maintenance since July 26, 2013. The Company intends to keep the Treasure Mountain Project on care and maintenance and continues to review options for the Treasure Mountain Project, which includes reviewing merger and acquisition opportunities, future exploration, and commencing mining activity on level 1 stope 2 of the Treasure Mountain Project. To date, the majority of the Company’s mineral resources have been classified as Inferred, whereby the economic viability of such resources cannot be determined. The removal of mineralized material from the Company’s Treasure Mountain Project is considered an exploration and evaluation activity, and as such, all costs associated with the removal of this mill feed are expensed as exploration costs. Currently, no value has been assigned to any stockpiled mineralized material as the removal is considered an exploration and evaluation activity.

New Craigmont Project

The Company’s claim holdings at the New Craigmont Project (previously called Thule Copper Property) consist of 20 contiguous mineral claims covering approximately 10,084 hectares (20,898 acres), 10 mineral leases covering approximately 347 hectares (858 acres) known as New Craigmont Project.

On June 29, 2016, the Company commenced a diamond drill program on the New Craigmont Project focusing in on three key target zones: Craigmont East - the Eric; Craigmont Central - the Titan Queen Zone, and; Craigmont West – the Embayment. On September 7, 2016, the Company announced a significant copper mineralization intersection of 1.11% copper over 85.92 metres in THU-002, through the Craigmont West - Embayment Zone, located approximately 1 km northwest of the past-producing Craigmont Mine. The drilling results indicate the Craigmont West - Embayment Zone to be a fault-offset, westward continuation of the skarn zone that hosts the Craigmont Mine deposit. On December 14, 2016, the Company issued 3,500,000 flow-through shares for gross proceeds of $700,000 to conduct a diamond drill program on its New Craigmont Project during 2017.

On January 23, 2017, the Company announced results of historic and resampled diamond drill core from Hole S-100 which was originally drilled in January of 1978 and is on the Craigmont West - Embayment Zone. The results of the historic sampling of S-100 include sections of 0.92% Cu over 61.9 metres within a section of 116.7 metres grading 0.54%. A Notice of Work exploration permit application was filed with the Ministry of Energy, Mines & Petroleum Resources in April of 2017 with the purpose to determine continuity of mineralization further west along strike and at depth from THU-002 and S-100. The porphyry-deposit style alteration and mineralization encountered in drilling at the Titan Queen Zone in 2016 was followed by geological mapping in the fall of 2016 to help delimit an exploration target area.

On September 18, 2017 the Company announced results of a reverse circulation drill program ("RC Program") on waste piles located adjacent to the 3060-Craigmont portal. A program was designed to evaluate copper grade and volume of the historical material excavated from underground workings of the Craigmont Mine. Results of the RC Program confirm significant copper mineralization in the material sampled by drilling. The program demonstrated the viability of using RC drilling to obtain reliable samples of unconsolidated dump material for tonnage and grade estimation. In addition, underground mining techniques allow for more controlled excavation and precise grade control than large-scale open pit mining. Therefore, the material sampled in the RC program is considered to be low grade mineralization external to what was deemed economic mineralization during historical mining. This suggests some of the strip material placed in the larger waste piles from the open pit is representative of a similar low-grade mineralization halo. On January 12, 2018 the Company received the required permitting to commence RC Drilling Program on the approximate 80-90 million tonnes of waste piles surrounding the historic Craigmont Mine in 2018. On May 23, 2018 the Company commenced Phrase 1 of the RC Program which comprised of 20 RC drill holes averaging 30m depth on the historic waste piles. On August 10, 2018 the Company announced results of its 20-hole Phrase 1 RC drill program completed between May 23, 2018 to June 8, 2018. A clear zone of interest has been found in the largest volume section of the waste piles, which is located on the southern side of the pit. The phrase 1 RC program found the south-central quadrant contains the thickest and most potentially economic grade for the waste piles. Highlight of the results include an average grade of 2463 ppm CU (0.25% Cu) over 40 metres for the deepest RC hole in the program. Results have warranted a follow up program ("Phase 2 Program") to delineate copper mineralization and trace the extent of the higher grading material within the waste piles and additional holes at Portal 3060 which were not completed during the 2017 exploration program.

The Company received the Notice of Work (filed in April of 2017) effective September 1, 2017 to August 31, 2018. The Notice of Work permit and drilling on the Craigmont West - Embayment target were delayed due to the severe bush fires experienced throughout BC during the 2017 summer. Drilling on the Craigmont West - Embayment Zone commenced in late September of 2017 designed to test for continuity at depth and along the west-striking zone of skarn-type alteration and copper mineralization encountered in historical drill holes and more recently in DDH-THU-002. On December 21, 2017 the Company announced the first four holes of the 2017 Exploration Program all successfully intersected skarn alteration, including previously untested segments of the Craigmont West - Embayment zone increasing the strike length by 250 metres. The altered zone remains open to the west and at depth. On January 12, 2018 the Company completed a fifth hole of the 2017/2018 Exploration Program, which intersected the skarn alteration expanding the skarn zone to over 400 metres in length from the previously announced 250 metres. On February 18, 2018 the Company released grades on continued Craigmont West - Embayment Zone expansion that included holes NC-2018-01 with 0.6% copper over 71.4m, including 1.4% copper over 16m, and NC-2017-01 with 0.3% copper over 32m, and including 0.6% copper over 10m. The Craigmont West - Embayment Zone is still open at depth and to the west and additional drilling will be required to test the continuity and extent along strike and down dip. On April 2, 2018 the Company announced the final hole NC-2018-03 from 2017/2018 program that intersected 100.6 metres at 1.33% Cu including 40.2m at 2.52% Cu and 15.0m grading 5.18% Cu. The Company subsequently changed the name of Embayment to Craigmont West to denote the westward extension of the mineralized skarn mined during the historic Craigmont open pit and underground mine.

On December 15, 2017 a Notice of Work application was filed with the Ministry of Energy, Mines & Petroleum Resources to conduct a diamond drill program on East Promontory Hill area, as follow up to the IP geophysical survey and mapping conducted during 2017.

On December 22, 2017 the Company issued 10,262,500 flow-through shares for gross proceeds of $2,052,500 to continue diamond drill program on Craigmont West - Embayment Zone, conduct diamond drill program on East Promontory Hill area, RC Drilling on the 80-90 million tonne waste piles surrounding the historic Craigmont pit, and diamond drill program around the historic Craigmont pit to confirm historic grades and hope to increase the size of the Craigmont West shell.

On July 19, 2018 the Company provided an exploration update on the New Craigmont Project. The Company announced it has received all required permits and commenced the 2018 diamond drilling program. The program includes three diamond drill holes at Craigmont West targeting the westward and down-plunge extension of the skarn, based on the geological model. On East Promontory five diamond drill holes are planned that will examine the geophysical anomalies. Two additional IP lines from Craigmont West extending to East Promontory to the west of lines surveyed in 2017. The North Promontory area includes the Marb72/GUS and WP historic showings. Three north-south IP lines are planned that will aim to correlate existing magnetic and sampling data collected in the area. Craigmont Central includes two diamond drill holes to test the mineralized corridor, or halo, that encompasses the skarn deposit associated alteration around the pit. On September 25, 2018 the Company announced the presence of a previously unexplored mineralized zone north of the historic Craigmont open pit called the mineralized historic pit halo. The Company targeted the area after historic data and recent mapping from the Company's 2017 and 2018 exploration program revealed the potential of mineralization north of the pit. The near-surface zone is located within the boundaries of the Company's active mine permit M-68. The second exploratory diamond drill hole located approximately 100 metres from the pit intercepted 1.05% Cu over 73.6 metres. Intercepts from the second hole include 150 meters grading 0.54% Cu, 30.7 metres grading 2.1% Cu, and 1.5 metres grading 9.6% Cu. The mineralization within the hole appeared unique because, in addition to chalcopyrite, the presence of bornite was seen for the first time. The Company continues to follow up by drilling additional holes to the east and west along the predicted strike orientation in a previously un-drilled area within Craigmont Central.

Merritt Mill

Nicola's Merritt Mill is located 14 km northwest of Merritt, British Columbia, approximately 3 hours from Vancouver, British Columbia. The Merritt Mill and property consists of $8.00 MM for cost of land (900 acres of freehold land), $21.6 MM for the cost of the mill and related infrastructure, and $1.8 MM for cost of construction of a fully-lined tailings facility. The Merritt Mill was constructed during 2012, and operated from November 2012 to July 26, 2013. The Merritt Mill was permitted for 200 tonne per day silver/lead/zinc processing plant to process mill feed from Treasure Mountain Project.

The British Columbia Mines Act custom milling operations permit was received on April 18, 2016. It allows the Company to enter into third party custom milling contracts and enables it to mill up to 200 tonnes per day at its Merritt Mill. During fiscal 2016, the Company commenced testing custom milling, processing approximately 5,700 tonnes material received from Gavin Mines with the purpose of moving the Merritt Mill towards commissioning. On August 2, 2016, the Company commenced shipping gold and silver concentrates milled from the Gavin Mines mill feed and entered into an off take agreement with MRI Trading AG. On September 15, 2016, the Company shipped a total of 190 dry metric tonnes of gold and silver concentrate grading approximately 100 grams Au and 606 grams Ag per tonne, for an aggregate total of approximately 610 troy ounces Au and 3,702 troy ounces Ag. On January 10, 2017, the Company shipped a further 296 dry metric tonnes of gold and silver concentrate grading 97 grams Au and 535 grams Ag per tonne, for an aggregate total of approximately 925 troy ounces Au and 5,102 troy ounces Ag. For the year ended December 31, 2016, the Company received $1,088,255 in recoveries from the sale of concentrate and incurred sales and processing costs of $867,741 after distributing proceeds to Gavin Mines under terms of the Milling and Profit Share Agreement post final payment based on confirmation of grade and weight.

On April 6, 2017, the Company entered into a long-term Mining and Milling Profit Share Agreement with Gavin Mines. The mill feed will be material mined from Gavin Mine's Dome Mountain, which is located near Houston, British Columbia. Gavin Mines has agreed to ship up to 40,000 tonnes of mill feed per year to the Merritt Mill. The Company carried out extensive modifications during 2017 and continued into 2018. The Company on November 8, 2017 entered into a mining and milling profit share agreement with AMA Gold Exploration that recently received a bulk sample permit allowing for extraction of an initial 10,000 tonnes from the Dancer 3 Mineral Claim Tenure, located in Sechelt Peninsula, Vancouver Mining Division Region.

The Merritt Mill completed upgrades in the second quarter of 2018 and remains in care and maintenance.

On July 19, 2018 the Company provided clarity on its April 5, 2013 news release in which the previous President and CEO incorrectly issued a statement that the Company had achieved commercial production. Based on the tonnage of concentrate produced and the mill's throughput, the Company had not reached commercial production.

The Merritt Mill has to date not been successfully commissioned.

RESULTS of OPERATIONS and FINANCIAL CONDITION

This review of the Company's results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2018 and the audited consolidated financial statements of the Company for the year ended December 31, 2017.

Results of Operations for the three months ended September 30, 2018 compared to three months ended September 30, 2017

During the three months ended September 30, 2018, the Company recorded a net loss and comprehensive loss of $1,581,261 compared to a net loss and comprehensive loss of $1,515,621 for the comparable period of 2017.

Due to the Merritt Mill currently under care and maintenance, the Company has no milling revenue. The Company at this time is an exploration Company. Revenues are derived from sand and gravel sales, ash disposal contract and fill soils less delivery and reclamation charges. During the three months ended September 30, 2018 net revenues were $95,167 (September 30, 2017 - $2,650).

Operating expenses were $1,370,703 during the three months ended September 30, 2018 (September 30, 2018 - $1,082,902). The increase in operating expenses is mainly the result of an increase of exploration costs during the quarter of $1,029,419 (2017 - $225,361). The increase was offset by reduced mill costs during the quarter of $105,343 (2017 - $256,604) and nil share-based compensation expense during the quarter (2017 - $407,043).

Results of Operations for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

During the nine months ended September 30, 2018, the Company recorded a net loss and comprehensive loss of $3,720,075 compared to a net loss and comprehensive loss of $3,278,007 for the comparable period of 2017.

Due to the Merritt Mill currently under care and maintenance, the Company has no milling revenue. The Company at this time is an exploration Company. Revenues are derived from sand and gravel sales, ash disposal contract and fill soils less delivery and reclamation charges. During the nine months ended September 30, 2018 net revenues were $286,961 (September 30, 2017 - $5,582).

Operating expenses were $3,024,672 during the nine months ended September 30, 2018 (September 30, 2018 - $2,018,588). The increase in operating expenses is mainly the result of an increase of exploration costs during the nine months ended September 30, 2018 of $1,605,178 (2017 - $379,794). Other increases included professional fees of $173,259 (September 2017 - $74, 417) for preparation and filing of CRA Notice of Objection for flow-through obligation and consulting fees of $337,542 (2017 - $233,554) for marketing and investor relations services. The increase was offset by reduced mill costs during the nine months ended September 30, 2018 of $571,538 (2017 - $639,560) and nil share-based compensation expense (2017 - $407,043).

SELECTED QUARTERLY RESULTS

The following table provides selected unaudited financial information for the most recent eight quarters. All amounts shown are stated in Canadian dollars in accordance with IFRS.

	September 30, 2018 ($)	June 30, 2018 ($)	March 31, 2018 ($)	December 31, 2017 ($)	September 30, 2017 ($)	June 30, 2017 ($)	March 31, 2017 ($)	December, 31, 2016 ($)
Net loss	(1,581,261)	(1,021,288)	(1,117,526)	(1,482,562)	(1,515,621)	(905,986)	(856,400)	(929,531)
Loss per share from continuing operations (basic and diluted)(1)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)

The increase in net loss for the quarter ended September 30, 2018 compared to quarter ended September 30, 2017 was due to increased exploration costs including diamond drilling programs carried out at Craigmont West and Craigmont Central, Phrase 1 of RC drilling on waste piles, IP survey and mapping.

The increase in net loss for the quarter ended June 30, 2018 compared to quarter ended June 30, 2017 was due to increased exploration costs from diamond drill program on Craigmont West – Embayment Zone and RC drilling on the historic waste piles. In addition, increased consultancy fees related to a new marketing investor relationship, together with increased professional fees due to 2012 CRA flow-through share tax audit. Increased operating costs were offset by lower finance costs and increased gravel, fly ash and fill soils revenues.

The increase in net loss for the quarter ended March 31, 2018 compared to quarter ended March 31, 2017 was due to increased exploration costs with diamond drilling program on Craigmont West – Embayment Zone and continued modifications to the Merritt Mill, together with increased professional fees due to 2012 CRA flow-through share tax audit and increased attendances at investment trade shows.

The decrease in net loss for the quarter ended December 31, 2017 compared to quarter ended September 30, 2017 was due to deferred tax recovery of $303,371 (2016 - $Nil) recognized from the equity component on First Tranche Convertible Debentures in November 21, 2017, offset by increased exploration costs due to delays to bush fires experienced in BC during 2017 summer to $542,561 from $225,361 for quarter ended September 30, 2017.

The increase in net loss for the quarter ended September 30, 2017 compared to quarter ended June 30, 2017 was due to New Craigmont Project exploration program with drilling, mapping and IP projects, continued upgrades and repairs to Merritt Mill, and share-based compensation of $407,043 with issuance of stock options.

The increase in net loss for the quarter ended June 30, 2017 compared to quarter ended March 31, 2017 was due to New Craigmont Project exploration program with commencement of mapping and IP projects, and continued modifications to the Merritt Mill in preparation for processing the Gavin Mines mill feed.

The decrease in net loss for quarter ended March 31, 2017 compared to quarters ended December 31, September 30 and June 30, 2016 was due to the completion of both the exploration program at New Craigmont Project in September 2016 and testing of the approximately 6,000 tonnes milling and smelting profit share agreement with Gavin Mines into mid-November, 2016.

The decrease in net loss for quarter ended December 31, 2016 compared to quarter December 31, 2015 was due to reduced finance costs, and care and maintenance costs at Merritt Mill.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2018, the Company had a working capital deficiency of $4,163,816 that included cash and cash equivalents of $942,413 as compared to a working capital deficiency of $3,603,352 and cash and cash equivalents of $2,493,885 as at December 31, 2017. The working capital deficiency is attributable to the cash requirements needed to operate the Company during the nine months to September 30, 2018, expenditures relating to the flow-through exploration program on the New Craigmont Project, modifications to the Merritt Mill, and Waterton Debt in the amount of $658,565 due on November 24, 2018.

Cash used in operating activities for the nine months ended September 30, 2018 was $2,769,813 compared to $1,452,428 for the nine months ended September 30, 2017. The increase is primarily attributable to increased exploration costs on New Craigmont Project including diamond drilling at Craigmont Central and Craigmont West, RC drilling on waste piles, IP survey and mapping. Modifications continued at the Merritt Mill in the first two quarters of 2018.

Cash used by investing activities was $218,933 for the nine months ended September 30, 2018 compared to $607,376 for the nine months ended September 30, 2017. The Company purchased equipment for both Merritt Mill and exploration program at New Craigmont Project and continued reclamation expenses on the Merritt Mill site.

Cash provided by financing activities was $1,437,274 for the nine months ended September 30, 2018 compared to $973,057 for the nine months ended September 30, 2017. During the nine months ended September 30, 2018:

- 5,190,000 share purchase warrants were exercised during the nine months to September 30, 2018 for proceeds of $778,500.

- The Company issued 9,333,329 units at a price of $0.15 per unit for gross proceeds of $1,399,999. Each unit consisted of one common share and one half purchase warrant exercisable into one additional common share at a price of $0.18 per share for a period of two years. The Company also paid finders fees of $71,750 and issued 478,333 finders warrants.

- The Company on July 31, 2018 repaid $643,750 principal plus interest owing to Waterton.

The Company had the following major cash obligations as of September 30, 2018:

- Repayment of the balance owing to Waterton in the amount of $658,565, which is due on November 24, 2018.

As at September 30, 2018, the Company had an accumulated deficit of $86,903,057 (December 31, 2017 -$83,182,982) and a working capital deficiency of $4,163,816 (December 31, 2017 - $3,603,352). However, additional funds will be needed for the development of the Treasure Mountain Project, the New Craigmont Project, Merritt Mill modifications and reclamation program. Realization values may be substantially different from carrying values as shown and the Company's consolidated financial statements which do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Further, the failure to make the payments outstanding to Waterton could materially change the carrying amounts and classifications reported in the consolidated financial statements.

The unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 were prepared using IFRS. These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, there are substantial payment obligations remaining in connection with Waterton debt loan and the subordinated secured convertible debentures and, as such, there is substantial doubt regarding the realization of assets and discharge of liabilities. Due to the amendment and extension to the Secured Convertible Debentures due November 21, 2017 and extended to November 21, 2019 dated November 27, 2017, together with the Second Tranche secured convertible debentures due May 20, 2020, and the various financings completed between November 2015 and July 2018, exercising of warrants during 2017 and into 2018, testing milling operations at the Merritt Mill in June 2016 till November 2016 together with upgrades, and successful flow-through financing in December, 2017 for continued New Craigmont Project exploration during 2018, management believes that these actions make the going concern basis determination appropriate. However, there are substantial payments remaining to Waterton and the holders of the secured convertible debentures, and accordingly substantial doubt exists as to whether the Company will be able to continue as a going concern. Further, it is not possible to predict whether the actions taken in the restructuring, financing and operational activities will result in improvements to the financial condition of the Company sufficient to allow it to continue as a going concern. If the Company were to be forced into bankruptcy resulting in the liquidation of its assets, adjustments would be necessary to the carrying amounts and/or classification of assets and liabilities, in the Company's consolidated financial statements. If the "going concern" assumption were not appropriate for such financial statements, then significant adjustments would be necessary in the carrying amounts and/or classification of assets and liabilities.

Subordinated Secured Convertible Debenture Financing and Maturity

The Company on November 21, 2017, announced the Exchange approved an amendment to the First Tranche Secured Convertible Debentures (the "Debentures") issued on November 21, 2014 for the following:

- the Conversion Price of the Debentures be reduced from $0.275 per share to $0.22 per share;
- the Maturity date will be extended from November 21, 2017 to November 21, 2019;
- the exercise price of the 7,000,882 Warrants (representing 3.0% on a fully diluted basis) be reduced from $0.50 to $0.275, with a forced conversion in the event that the shares trade at above $0.3475 for at least 10 trading days; and
- the expiry date of the 7,000,882 Warrants be extended from November 21, 2018 to November 21, 2019.

The Company on November 23, 2017 settled the interest owing on the first tranche Debentures issued November 21, 2014 by issuing 4,941,799 Shares at a price of $0.17 per Share in settlement of $840,106 as if the interest rate was 12%.

The Company on April 26, 2018 amended the Second Tranche debentures by the following: the conversion price reduced to $0.22 from $0.275, the maturity date extended from May 20, 2018 to May 20, 2020, and the exercise price of the 250,000 warrants reduced from $0.50 to $0.275, with a forced conversion in the event that the Shares trade at or above $0.3475 for at least 10 consecutive trading days.

Repayment of Waterton Debt

The Waterton aggregate debt principal of $643,750 (December 31, 2017 - $1,287,500) matures and is repayable on November 24, 2018, together with accrued interest. The Company on July 31, 2018 repaid 50% of the Waterton debt plus accrued interest in the amount of $656,977.

Flow-Through Share Obligation

The Company in December 2012 filed for a renunciation of Canadian Exploration Expenses (“CEE”) of $3,940,786 and $1,864,693 under the so-called look-back rule for a total of $5,805,479. Following an audit conducted by Canadian Revenue Agency (“CRA”) during 2017, CRA disallowed amounts totalling $5,805,479 on the basis that the Company commenced mining and or commercial production in mid-2012 with the result that the CEE cannot be renounced. The CRA’s position is completely not in keeping with the facts and the Company intends to vigorously dispute it. The Company filed a Notice of Objection on July 19, 2018 in the manner and within the time prescribed by the Income Tax Act (Canada).

Asset Retirement Obligation

As part of the acquisition of Craigmont Holdings Ltd., the Company estimates as at September 30, 2018 the reclamation costs associated with the Merritt Mill to be $3,660,198 (December 31, 2017 - $3,808,731). During the nine months ended September 30, 2018 the Company reviewed the estimates and revised the term of obligation and estimated it will settle these obligations over 15 years (2017 – 15 years).

During the nine months ended September 30, 2018 the Company incurred reclamation expenditures of $148,533 (year ended December 31, 2017 – $191,269), recorded accretion expense of $54,469 (year ended December 31, 2017 $70,964) and as at September 30, 2018 has an estimated asset retirement obligation of $3,660,198 (December 31, 2017 - $3,808,731). The Merritt Mill reclamation costs were adjusted using a long-term inflation rate of 1.4% (2017 – 1.6%) and then discounted using a risk-free rate of 2.34% (2017 – 2.26%). In order to obtain its Merritt Mill permit, the Company has posted collateral of $700,000 with the government to date.

As part of the ongoing reclamation the Company on September 18, 2017 entered into a thirty-year ash management contract (the “Agreement”) with Merritt Operations Services Limited Partnership. Under the Agreement the Company plans to accept up to 7,500 dry tons per year of ash generated from burning renewable wood for a fee that includes escalation clauses. The Company on September 17, 2018 applied for an amendment to the Company’s Mine Permit M-68 to blend the ash with fill soil, and plant seeds to assist with the remediation of the Merritt Mill site. In the interim the ash and fill soils are being blended and tested on the Merritt Mill site and also as part of the ongoing remediation of the Company’s operating sand and gravel pit.

OUTLOOK

The Company continues to consider rationalizing its non-core assets, moving towards leveraging the value of its core assets in an effort to generate operational cash flow. The Company continues to develop the New Craigmont Project exploration diamond drill program through testing high grade structures, RC drilling of the waste piles, diamond drilling the mineralised halo surrounding the historic Craigmont open pit mine, and undertake further mapping and IP surveys.

Merritt Mill

The Merritt Mill completed upgrades in the second quarter of 2018 and remains in care and maintenance. On October 19, 2018 the Company announced that it is preparing to recommence milling operations under its long-term Profit Share Agreement with Gavin Mines.

New Craigmont Project

On October 30, 2018 the Company announced the commencement of Phrase 2 of Reverse Circulation (“RC”) drilling program on the historic Craigmont Copper Mine waste piles and the 3060 Ore Portal. In addition to the 49 holes drilled between 2017 and early 2018, the Company has planned an additional 60 RC holes focused on the South Waste Piles and Ore Portal to test the economic viability of the crushed rock. In addition to analysing copper grades, the Company will also review magnetite grades. The Company has awarded Northspan Explorations Ltd., of Kelowna, BC with the contract for RC drilling and a drill rig was mobilized on October 19, 2018 to commence the Phrase 2RC program. The Company has entered into a Consulting Agreement with James N. Gray P. Geo of Advantage Geoservices Ltd. with the goal of completing a resource estimate in the first half of 2019, in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves.

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer and the Chief Financial Officer.

During the nine months ended September 30, 2018 and 2017, the Company incurred the following expenditures to related parties:

	Nine months ended September 30	
	2018 ($)	**2017 ($)**
Consulting fees paid or accrued to directors (i)	135,000	135,000
Salaries and benefits (ii)	95,000	90,000

(i) Peter Espig, Chief Executive Officer and director of the Company is paid a consulting fee of $15,000 per month.

(ii) Warwick Bay, Chief Financial Officer, is paid a salary of $11,000 per month.

All related party transactions are in the normal course of business and are measured at the exchange amount.

OUTSTANDING SHARE DATA

- Authorized and issued share capital as at November 7, 2018:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	**205,138,956**

- As at November 7, 2018, there were 8,000,000 stock options outstanding.
- As at November 7, 2018, there were 32,776,469 warrants outstanding.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements which may affect its current or future operations or conditions.

NEW STANDARDS, AMENDMENTS AND INTERPRETATION

The following are significant accounting policies that have been amended as a result of the adoption of IFRS 9, Financial Instruments (IFRS 9) and IFRS 15, Revenue from Contracts with Customers (IFRS 15). All other significant accounting policies are consistent with those reported in the Company's 2017 annual audited consolidated financial statements. .

IFRS 9 – Financial Instruments Disclosure

IFRS *9 Financial Instruments* introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of former IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held with a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payment of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investment are measured at their fair values at the end of subsequent accounting periods. The change did not impact the carry amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

IFRS 15 - Revenue

IFRS 15 Revenue from contracts with customers replaces IAS 18 – Revenue, IAS 11 – Construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. The change did not impact any of the Company's sales and no material changes resulted from adopting this standard.

NEW STANDARDS AND INTERPRETATION NOT YET EFFECTIVE

IFRS 16 Leases, the new leases standard, is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has been also applied. The Company has not yet completed the process of assessing the impact IFRS 16 will have on its consolidated financial statements, or whether to early adopt these new requirements.

IFRS 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Fair Value

The Company records certain of its financial instruments at fair value using various techniques. These include estimates of fair values based on prevailing market prices (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal and external valuation models, such as discounted cash flow analyses, using, to the extent possible, observable market-based inputs.

The financial instruments have been characterized on a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

The three levels of fair value estimation are:

Level 1 – quoted prices in active markets for identical instruments.

Level 2 – quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

RISK EXPOSURE and MANAGEMENT

Overview

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal financial risks to which the Company is exposed are credit risk, liquidity risk, metal price risk, and currency risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the balance sheet date under its financial instruments is approximately $1.1 million.

All of the Company's cash is held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the parties from whom the receivables are due, including government organizations.

Interest Rate Risk

The Company's financial assets exposed to interest rate risk consist of cash and short-term investment balances. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificated issued by banking institutions. The Company periodically monitors the investments its makes and is satisfied with credit ratings of its banks.

Liquidity Risk

Liquidity is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it projects the funds required to support its operations as well as care and maintenance, and if warranted, the exploration and development of its Treasure Mountain and New Craigmont Projects, and continuing custom milling operations at its Merritt Mill.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company has a significant working capital deficiency, no history of profitable operations and no assurance that additional funding will be available to it for further exploration and development of the Treasure Mountain and New Craigmont Projects and milling operations at its Merritt Mill. The Company may also need further financing if it decides to obtain additional mineral properties. As such, the Company is subject to many risks common to exploration enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or 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. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of the Treasure Mountain and New Craigmont Projects or the loss or substantial dilution of any of its property interests.

Foreign Exchange Rate Risk

The Company currently is not subject to significant foreign exchange risk.

Capital Management

The Company considers capital to be the elements of shareholders equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests and Merritt Mill operations. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There have been no changes to the management of capital during the current period.

The following is a summary of the maturities for the Company's non-derivative financial liabilities as at September 30, 2018:

	Less than 30 days ($)	**30 days to 1 year ($)**	**1 year to 2 years ($)**	**More than 2 years ($)**
Accounts Payable and Accrued Liabilities	169,141	435,041	Nil	Nil
Waterton debt loan	Nil	658,565	Nil	Nil
Secured convertible debentures	Nil	Nil	7,028,478	Nil
TOTAL:	169,141	1,093,606	7,028,478	Nil

RISK FACTORS and UNCERTAINTIES

The Company may be unable to meet its liquidity requirements for operations

There can be no assurance that the amounts of cash from operations, together with amounts raised through financings will be sufficient to fund the Company's ongoing operations and care and maintenance program. If these amounts are insufficient to meet the Company's liquidity requirements, it may have to seek additional financing. There can be no assurance that such additional financing would be available or, if available, offered on acceptable terms. Failure to secure any necessary additional financing would have a material adverse impact on the Company's continued operations and viability.

Mineral Exploration and Development Activities are Inherently Risky

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into mineral deposits with significant value. Unusual or unexpected ground conditions, geological formation pressures, fires, power outages, labour disruptions, flooding, earthquakes, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. There are also physical risks to the exploration personnel working on the site of a mineral project. The Company's exploration properties and any future mining operations will be subject to all the hazards and risks normally incidental to exploration, development and production of silver and other metals, any of which could result in damage to or destruction of exploration facilities or mines, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the

Company maintains insurance in an amount, which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Uncertainty of Mineral Resources

The figures for mineral resources for the Treasure Mountain Project disclosed in the Company's Annual Information Form for the year ended December 31, 2012 and in its technical report filed on SEDAR on June 12, 2012, are only estimates. Mineral reserves at the Treasure Mountain Project have not been defined therefore the mineral resources currently cannot be considered ore. In addition, there are no mineral reserves at the New Craigmont Project. There is no certainty that any expenditure's made in the exploration of the Company's mineral properties will result in identification of commercially recoverable quantities of ore or that ore reserves will be mined or processed profitably. In addition, substantial expenditures will be required to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Uncertainty of Economic Viability of Production from the Treasure Mountain Project

The Company has not undertaken any preliminary economic assessment or preliminary feasibility study with respect to the Treasure Mountain Project or any of its other projects and does not intend to undertake such a study or assessment. There are significant risks associated with making a production decision without a valid, current, economic analysis and the Company may subsequently determine that recommencing operations at the Treasure Mountain Project is not economically feasible.

Insurance

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies of a similar stage of development, however the insurance the Company has may not be sufficient to cover the full extent of any liabilities that may arise.

Prices, Markets and Marketing of Silver and Metal Prices

World prices for commodities fluctuate and are affected by numerous factors including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of commodities, and the resulting impact on the viability of any of the Company's exploration projects, cannot accurately be predicted.

Liquidity and Capital Requirements

The Company has a significant working capital deficit, no history of profitable operation and no assurance that additional funding will be available to it for further exploration and development of any of its projects. The Company may also need further financing if it decides to obtain additional mineral properties or upgrade the Merritt Mill. As such, the Company is subject to many risks common to exploration enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources, and lack of revenues. Although the Company has been successful in the past in obtaining financing through credit facilities or 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. Such means of financing typically result in dilution of the positions of existing shareholders, either directly or indirectly. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of its mineral properties, the loss of substantial dilution of any of its property interests or all the liquidation of all of its assets.

Going Concern Risk

As at September 30, 2018, the Company had an accumulated deficit of $86,903,057 (December 31, 2017 - $83,182,982) and working capital deficiency of $4,163,816 (December 31, 2017 - $3,603,352). These factors represent a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. In order to continue operations, the Company will be required to raise funds through the issuance of equity or debt, or be successful recommencing operations at the Treasure Mountain Project, and maintaining on-going pre-commission custom milling at the Merritt Mill. Realization values may be substantially different from carrying values as shown and the Company's consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018 were prepared using IFRS. These unaudited condensed consolidated interim financial statements have been prepared using the going concern concept, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Management believes that these actions continue to make the going concern basis appropriate. However, it is not possible to predict whether the Company will be able to raise the working capital required for maintaining the care and maintenance program at the Treasure Mountain Project, continued custom milling operations at the Merritt Mill to commissioning, continued exploration programs for the New Craigmont Project and accordingly, substantial doubt exists as to whether the Company will be able to continue as a going concern.

If the "going concern" assumption were not appropriate for such financial statements, then significant adjustments would be necessary in the carrying amounts and/or classification of assets and liabilities.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons could be required to manage and operate the Company.

Environmental Risks

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation and regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of exploration or production, a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Government Regulation

The natural resource exploration industry is subject to controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the

Company in a manner materially different than they would affect other natural resource exploration companies of similar size. The current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

Indigenous Peoples' title claims and rights to consultation and accommodation may affect our existing operations as well as development projects and future acquisitions.

Governments in many jurisdictions must consult Indigenous Peoples with respect to grants of mineral rights and the issuance or amendment of exploration and project authorizations. Consultation and other rights of Indigenous Peoples may require accommodations, including undertakings regarding financial compensation, employment and other matters in impact and benefit agreements. This may affect our ability to acquire, explore or develop, within a reasonable time frame, mineral titles in these jurisdictions and may affect the timetable and costs of development of mineral properties in these jurisdictions. The risk of unforeseen aboriginal title claims also could affect existing operations as well as exploration and development projects and future acquisitions. These legal requirements may increase our operating costs and affect our ability to expand our operations or to explore and develop new projects.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. The Company also competes with other mining companies in the recruitment and retention of qualified employees.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of, or may be associated with, other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) and any other applicable laws and rules dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his interest and refrain from voting on the matter unless otherwise permitted by the *Business Corporations Act* (British Columbia). In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

No Current Plans to Pay Cash Dividends

The Company has no plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on, among other things, the Company's financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness that the Company or its subsidiaries incur. As a result, investors may not receive any return on an investment in the Company's securities unless they sell the securities for a price greater than that which they paid for them.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease estimated income from prospective mining operations, limit access to capital markets and negatively impact the availability of credit facilities or other financing to the Company.

Price Volatility of Public Stock

The market price of the Company's securities has experienced wide fluctuations, which may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. Any market for the Company's securities may be subject to market trends generally and the value of the Company's securities on the Exchange may be affected by such volatility in response to numerous factors, many of which are beyond the Company's control, including:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- the addition or departure of the Company's executive officers or other key personnel;
- release or other transfer restrictions on outstanding Company securities;
- sales or perceived sales of additional Company securities;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns, competitive developments or regulatory changes; and
- other related issues in the Company's industry or target markets.

Financial markets continue to experience significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company's securities may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Company's securities by those institutions, which could adversely affect the trading price of the Company's securities. There can be no assurance that fluctuations in price and volume will not occur in the future. If increased levels of volatility and market turmoil occur, the Company's operations may be adversely impacted and the trading price of the Company's securities may be adversely affected.

Regulatory and Permitting

Regulatory and permitting requirements have a significant impact on the Company's operations and can have a material and adverse effect on future cash flow, results of operations and financial condition. In order to conduct mineral exploration and mining activities the Company must obtain or renew exploration or mining permits and licenses in accordance with the relevant mining laws and regulations required by governmental authorities having jurisdiction over mineral projects. There is no guarantee that the Company will be granted the necessary permits and licenses, that they will be renewed, or that the Company will be in a position to comply with all the conditions that are imposed. Mining is subject to potential risks and liabilities associated with pollution and the disposal of waste from mineral exploration and mine operations. Costs related to discovery, evaluation, planning, designing, developing, constructing, operating, closing and remediating mines and other facilities in compliance with these laws and regulations are significant. In addition to environmental protection, applicable laws and regulations govern employee health and safety. Not complying with these laws and regulations can result in enforcement actions that may include corrective measures requiring capital expenditures, installation of additional equipment, remedial action and changes to operating procedures resulting in additional costs and temporary or permanent shutdown of operations. The Company may also be required to compensate those parties suffering loss or damage and may face civil or criminal fines or penalties for violating certain laws or regulations. Changes to these laws and regulations in the future could have an adverse effect on the Company's cash flow, results of operations and financial condition. Further, the issuance of permits may be subject to review by third parties who may challenge future permitting and the validity of existing permits based on, among other things, the government's obligation to consult and accommodate.

Forward-Looking Statements May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements contained in this MD&A. By their nature, forward-looking statements involve numerous assumptions and known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements, or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this MD&A under the heading "Cautionary Note Regarding Forward-Looking Statements".

OTHER INFORMATION

This MD&A of the financial position and results of operations of the Company is dated as of November 7, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 and audited consolidated annual financial statements for the year ended December 31, 2017. Additional information relating to the Company can be accessed through the Company's public filings on SEDAR at www.sedar.com.

The Company's website address is www.nicolamining.com.