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**KESSELRUN RESOURCES LTD.**
**MANAGEMENT DISCUSSION AND ANALYSIS FOR**
**THE THREE AND NINE MONTHS ENDED**
**APRIL 30, 2018 AND 2017**

## INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of Kesselrun Resources Ltd. (the "Company" or "Kesselrun"), has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of June 29, 2018, and should be read in conjunction with unaudited interim condensed financial statements for the three and nine months ended April 30, 2018, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in National Instrument 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at http://www.kesselrunresources.com.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the management. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or the Company's achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

## COMPANY OVERVIEW

### Background

Kesselrun is a Canadian mineral exploration company based in Thunder Bay, Ontario. The Company's principal focus is its Bluffpoint property ("Bluffpoint"), covering 4,608 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario, and its Huronian Property, covering 154 contiguous unpatented mining claims totaling 4,800 hectares, plus four patented mining claims totaling 404.3 hectares located in Moss Township, Thunder Bay Mining Division, Ontario. The Company does not have any assets or mineral properties that are in production.

The Company was incorporated on May 18, 2011, under the laws of British Columbia and was a capital pool company ("CPC") under the TSX Venture Exchange ("TSX-V") Policy 2.4. On July 18, 2012, the Company completed its qualifying transaction by entering into a property option agreement to acquire 100% interest in Bluffpoint property and changing its name to "Kesselrun Resources Ltd."

## EXPLORATION PROJECTS

As of the date of this MD&A the Company's interest in exploration and evaluation assets consists of the Bluffpoint Property and the Huronian Property (Figure 1).

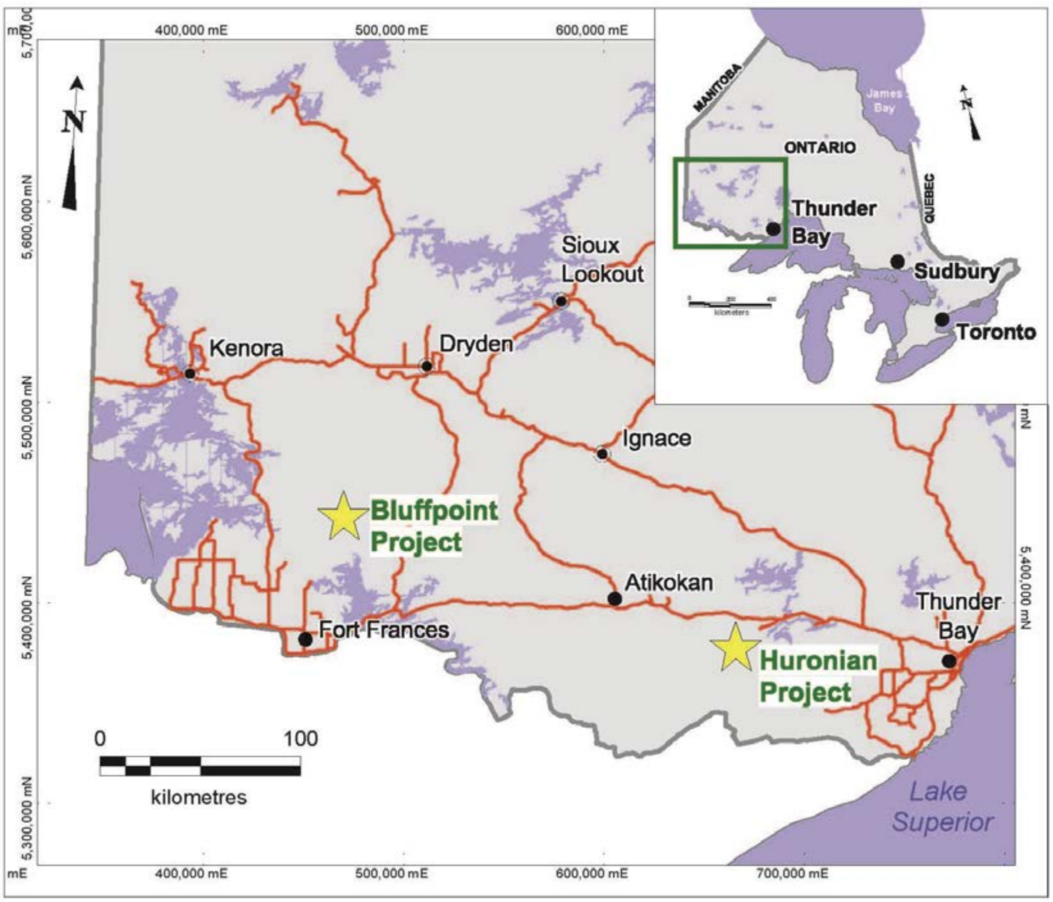


**Figure 1. Project Locations**

## BLUFFPOINT PROPERTY

### Option Agreement

On March 31, 2012, the Company entered into Property Option Agreement (the "Option Agreement") with Michael Thompson (the "Initial Optionor") to acquire up to a 100% interest in 56 mining claims covering 11,408 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario (the "Bluffpoint Property").

The original Option Agreement contained two options. The first option allowed the Company to acquire a 60% undivided interest in the Bluffpoint Property by issuing 4,000,000 common shares and paying the Initial Optionor $200,000 within a two-year period. The second option allowed the Company to acquire a further 40% interest in the Bluffpoint Property by making an additional payment of $200,000 and issuing 2,000,000 common shares.

On April 30, 2013, in a private transaction, the Initial Optionor assigned 2/3's of his interest in the Option Agreement to Caitlin Jeffs and Neil Pettigrew (collectively referred to hereafter as the "Optionors").

On April 30, 2013, the Optionors and the Company agreed to amend the Option Agreement reducing the cash payment and share issuance requirements for the Company to earn a 100% interest in the Bluffpoint Property. As per amended Option Agreement, the Company was granted an exclusive right to acquire 100% interest in Bluffpoint Property by paying an additional $200,000 and issuing an additional 2,000,000 common shares to the Optionors. The option was exercised on September 24, 2013, upon receiving an approval from TSX Venture Exchange.

The Bluffpoint Property is subject to a net smelter returns royalty (the "NSR") payable to the Optionors equal to a 2.0% NSR, of which 1.0% may be purchased by the Company at any time for the payment of $1,000,000; leaving the Optionors with a final 1.0% NSR. If the Optionors decide to dispose of the remaining 1.0% NSR, the Company shall have the first right of refusal to acquire that remaining 1% NSR on the same terms and conditions that the Optionors propose to dispose of their NSR. If the Optionors propose to dispose of their NSR, the Optionors shall deliver to the Company written notice of the Optionors' intention to dispose of their NSR and the terms of the proposed disposition.

The Company shall have thirty days from receipt of such disposal notice to notify the Optionors in writing that the Company intends to exercise its option and acquire the Optionors' NSR. If the Company has duly exercised its option to acquire the NSR from the Optionors, the Company shall then have sixty days to deliver to the Optionors the full payment price for the NSR.

### Additions and Dispositions of Claims

During Fiscal 2013, the Company staked an additional 47 mining claims covering 11,104 hectares adjacent and contiguous to the original Bluffpoint Property. Certain claims fell within the area of interest provisions of the Option Agreement and, as such, were added to the Bluffpoint Property claims and became subject to the terms of the Option Agreement.

As part of the maintenance of the Bluffpoint Property, the Company may stake additional claims adjacent to its Bluffpoint Property, or allow some of the claims, with least geological potential not warranting further development, to expire. As of the date of this report, the Bluffpoint Property is represented by 26 mining claims, or approximately 4,608 hectares.

## Property Acquisition and Exploration Costs

**Table 1. Bluffpoint Property acquisition and exploration costs**

| | April 30, 2018 | July 31, 2017 |
|---|---|---|
| Balance, beginning of period | $ 653,415 | $ 314,553 |
| Deferred exploration expenditures | | |
| Assaying | - | 19,690 |
| Camp and travel | - | 39,785 |
| Equipment use / rental | - | 124,840 |
| Geology | - | 254,547 |
| Grants received | - | (100,000) |
| Sub-total, deferred exploration expenditures | - | 338,862 |
| Balance, end of period | $ 653,415 | $ 653,415 |

## Property Location and General Description

The Bluffpoint Property is located close to the centre of the Kenora Mining Division of Northwestern Ontario, approximately 60 km north of Fort Frances, and 80 km southwest of Dryden. The Property is centred on UTM NAD8 3 Zone 15N 475,448.02 mE, 5,450,971.51 mN.

The Company holds the centre of the Straw Lake stratigraphy, host to the former producing Straw Lake Beach Mine located approximately 200 metres south of the claim group. The Straw Lake Beach Mine produced 11,568 oz gold and 1,040 oz silver form 33,662 tons of ore (0.34 oz/ton Au) from 1938 to 1941 (Ontario Ministry of Northern Development and Mines production data). In addition, it is located approximately 50 km northeast of, and on the same structural trend as, New Gold Inc.'s (TSX:NGD) Rainy River Mine which, according to New Gold's October 19, 2017, news release achieved commercial production.

## Exploration Activities

In July 2016 the Company announced the start of its new field program on the Bluffpoint Property. The Company mobilized field crews with work concentrating on three main areas, Southern Target, Straw Lake Target, and Northern Target. The work consisted mainly of mapping, prospecting and outcrop stripping. The field program was completed in November 2016, with structural and alteration mapping ongoing. Significant grab sample results are summarized in the table below:

**Table 2: Summary of Significant Grab Sample Results [1]**

| Sample ID | Au (g/t) | Easting (mE) | Northing (mN) |
|---|---|---|---|
| **329016** | 55.31 | 471644 | 5449055 |
| **329113** | 26.40 | 471738 | 5449089 |
| **329706** | 23.88 | 472313 | 5449274 |
| **329341** | 9.91 | 471819 | 5448948 |
| **329488** | 9.15 | 471500 | 5449352 |
| **329707** | 3.24 | 472290 | 5449354 |
| **329054** | 3.51 | 470353 | 5446261 |
| **329473** | 2.54 | 472305 | 5449352 |
| **329115** | 1.97 | 471730 | 5449100 |
| **329017** | 1.95 | 471655 | 5449058 |
| **329704** | 1.94 | 472613 | 5449699 |
| **329451** | 1.56 | 475439 | 5450561 |

| Sample ID | Au (g/t) | Easting (mE) | Northing (mN) |
|---|---|---|---|
| **329408** | 1.51 | 472212 | 5449413 |

*(1) Grab samples are selectively taken and random in size and may not be representative of mineralization characteristics*

During the remainder of its fiscal 2017, the Company continued surface exploration on Bluffpoint Property, which continued to yield encouraging results. Surface channel sampling results received included 5.2 g/t gold over a composite sample length of 3.2 metres and 0.9 g/t gold over a composite sample length of 8.7 metres. These sample results are from a zone of gold mineralization located approximately 3 kilometres north of the zone trenched and drilled in 2012-2013.

**Table 3: Summary of Significant Channel Sample Results – Bluffpoint Project** (1)

| Channel ID | Zone | Weighted Grade Au (g/t) | Length (m) |
|---|---|---|---|
| **F18** | F | 5.2 | 3.2 |
| **F19** | F | 1.0 | 4.0 |
| **F20** | F | 6.4 | 0.6 |
| **F21** | F | 1.1 | 2.1 |
| **Q2** | Q | 0.9 | 8.7 |

*(1) Contiguous sampling lengths are dictated by the exposure of rock available to sample and not necessarily the width of the zone. Channel samples are cut as close to perpendicular to the strike of mineralization as possible but are not representative of true width of the zone.*

## HURONIAN PROPERTY

On June 28, 2016, the Company entered into a purchase agreement to acquire a 100% interest in the Huronian Gold Project ("Huronian Property") from Chalice Gold Mines Limited ("Chalice") and its wholly owned subsidiary, Coventry Resources Ontario Inc., and Pele Mountain Resources Inc. ("Pele") and its wholly-owned subsidiary, Pele Gold Corporation (the "Transaction"). The Huronian Project consists of 153 contiguous unpatented mining claims totaling 4,640 hectares, plus 4 patented mining claims totaling 404.3 hectares located in Moss Township, Thunder Bay Mining Division, Ontario.

In consideration for the purchase, the Company agreed to issue Chalice 2,040,000 and Pele 1,960,000 shares of the Company's common stock for a total of 4,000,000 common shares, contingent upon approval from TSX-V, which was granted on July 13, 2016.

Huronian Project is subject to net smelter return royalties ("NSR") as detailed in the table below:

**Table 4. Huronian Property - NSR**

| Township/Area | Claim Type | Claims | Area (ha) | Total NSR |
|---|---|---|---|---|
| Moss | Unpatented | 96 | 3,520.0 | 2.0% |
| Moss | Unpatented | 57 | 1,120.0 | 2.5% |
| Moss | Patented | 2 | 274.8 | 2.0% |
| Moss | Patented | 2 | 129.5 | 2.5% |
| **Total** | | 157 | 5,044.3 | |

The Company retains a right to purchase up to 50% of the NSR by paying Chalice up to $1,020,000 and Pele up to $980,000, for a total of up to $2,000,000. In addition, the Company retains a right of first refusal to acquire the NSR at the same terms and prices that would be set out in any arm's length third party offer.

### Additions and Dispositions of Claims

On February 15, 2017, the Company entered into a purchase agreement with an arms-length party to acquire a 100% interest in a key mining claim adjacent to the Huronian Property. In consideration for the purchase, On March 3, 2017, the Company issued 200,000 shares of the Company's common stock and made a one-time payment of $20,000. The Claim was added to the Huronian Property.

### Property Acquisition and Exploration Costs

**Table 5. Huronian Property acquisition and exploration costs**

| | April 30, 2018 | July 31, 2017 |
|---|---|---|
| Balance, beginning of period | $ 1,435,001 | $ 1,040,000 |
| Cash paid for acquisition | - | 20,966 |
| Common shares issued | - | 24,000 |
| Deferred exploration expenditures | | |
| Assaying | 9,773 | 16,262 |
| Camp and travel | 36,525 | 59,575 |
| Claim maintenance | 1,617 | 1,617 |
| Equipment use / rental | 156,935 | 128,689 |
| Geology | 181,700 | 243,892 |
| Grants received | - | (100,000) |
| Sub-total, deferred exploration expenditures | 386,550 | 350,035 |
| Balance, end of period | $ 1,821,551 | $ 1,435,001 |

### Property Location and General Description

The Huronian Property is situated in the highly prolific Shebandowan Greenstone Belt located in the Abitibi-Wawa Subprovince approximately 100 km west of Thunder Bay, Ontario along major transportation and power routes.

The Huronian Property hosts numerous significant gold zones including the past producing Huronian Mine (also formerly known as the Jackfish, Kerry, Moss and Ardeen at various times) that produced 29,629 ounces gold and 170,463 ounces silver from 143,724 tons from 1932-1936 (Ontario Ministry of Northern Development and Mines Production Records). The Huronian Property also covers the southwest strike extension of the geology that hosts Wesdome Gold Mine's Moss Lake Gold Deposit. The Moss Lake Gold Deposit hosts an NI 43-101 compliant resource estimate of 40 million tonnes at a grade of 1.1 g Au/tonne (1,377,300 Oz Au) Indicated and an additional 50 million tonnes at a grade of 1.1 g Au/tonne (1,751,600 Oz Au) Inferred (Moss Lake Gold Mines NR February 20, 2013).

### Exploration Activities

In September 2016 the Company commenced its field program on the Huronian Property. The program consisted mainly of mapping, prospecting and outcrop stripping. The field program was completed in November 2016, with structural and alteration mapping ongoing. The main focus of the field program was on the Moss SW zone, an interpreted extension of the geology that hosts the Moss Lake Gold Deposit located approximately 1.5 kilometres from the Huronian Property's boundary. Significant grab sample results are summarized below:

**Table 6: Summary of Significant Grab Sample Results(1)**

| Sample ID | Au (g/t) | Ag (g/t) | Easting (mE) | Northing (mN) |
|---|---|---|---|---|
| **330689** | 6.87 | 51 | 663051 | 5374683 |
| **330691** | 6.11 | 38 | 663055 | 5374684 |
| **330687** | 5.81 | 3 | 662654 | 5374186 |
| **330688** | 5.71 | 32 | 663048 | 5374682 |
| **330659** | 5.10 | 23 | 663035 | 5374688 |
| **330658** | 2.21 | 9 | 663035 | 5374688 |
| **330657** | 2.17 | 5 | 663057 | 5374789 |
| **330711** | 1.76 | 1 | 663068 | 5374719 |
| **330673** | 1.69 | 9 | 663044 | 5374688 |
| **330669** | 1.27 | 4 | 661656 | 5378027 |

*(1) Grab samples are selectively taken and random in size and may not be representative of mineralization characteristics*

Following the field program, the Company initiated an extensive multi-disciplinary program. The program consists of ongoing prospecting, and structural mapping guided by an unmanned aerial vehicle (“UAV”) magnetic gradiometry survey over the target area.

The results of the UAV magnetic survey have led to a new interpretation of the location of the Huronian Shear Zone which differs from previous operators. The Company’s team of geologists believes that previous operators’ interpreted extent of the Huronian Shear Zone was just one of numerous splays off the main shear zone, which suggests that the strike extent of the past producing Huronian Mine geology has been untested.

The UAV Magnetic Survey was performed as part of Callum Walter’s M.A.Sc. research at Queen’s University’s Department of Geological Sciences and Geological Engineering in conjunction with industry research partner Sumac Geomatics Inc. of Thunder Bay. Callum’s research focuses on designing and optimizing 3-D magnetic gradiometry surveys for UAV platforms.

Significant grab sample results of the prospecting and structural mapping on the newly interpreted extension of the Huronian Shear Zone are summarized below:

**Table 7: Summary of Significant Grab Sample Results – Huronian Project(1)**

| Sample ID | Easting (mE) | Northing (mN) | Au (g/t) |
|---|---|---|---|
| **585461** | 664677 | 5379283 | 15.7 |
| **330620** | 666682 | 5381254 | 5.7 |
| **330646** | 662932 | 5376219 | 2.0 |
| **330669** | 661656 | 5378027 | 1.3 |
| **330625** | 664144 | 5378429 | 1.0 |
| **330680** | 663090 | 5377173 | 0.8 |
| **330524** | 663707 | 5378457 | 0.5 |

*(1) Grab samples are selectively taken and random in size and may not be representative of mineralization characteristics. UTM coordinates are in NAD83Z15*

Following the preliminary prospecting and structural mapping, the Company’s team of geologists continued with channel sampling of the Fisher zone, a previously identified zone of gold and silver mineralization located on one of numerous splays from the main Huronian Shear Zone, and the McKellar zone, the southwest strike extension of the historically mined Huronian zone. Results of these channel samples are summarized below:

**Table 8: Summary of Significant Channel Sample Results – Huronian Project(1)**

| Channel ID | Zone | Weighted Grade Au (g/t) | Weighted Grade Ag (g/t) | Length (m) |
|---|---|---|---|---|
| **FC14** | Fisher | 7.7 | 23.9 | 3.1 |
| **FC22** | Fisher | 1.5 | 5.7 | 5.8 |
| **FC20** | Fisher | 1.1 | 7.5 | 3.5 |
| **FC4** | Fisher | 1.2 | 2.9 | 3.4 |
| **FC3** | Fisher | 1.3 | 4.2 | 1.6 |
| **FC21** | Fisher | 0.5 | 1.7 | 5.7 |
| **M12** | McKellar | 1.1 | 8.0 | 8.2 |
| **M35** | McKellar | 1.0 | 1.2 | 6.0 |
| **M13** | McKellar | 0.9 | 9.0 | 9.0 |
| **M17** | McKellar | 1.0 | 7.0 | 3.7 |
| **M10** | McKellar | 0.8 | 8.5 | 5.1 |
| **M7** | McKellar | 0.9 | 7.1 | 4.1 |
| **M23** | McKellar | 0.8 | 3.8 | 3.4 |
| **M1** | McKellar | 1.0 | 8.0 | 2.4 |

*(1) Contiguous sampling lengths are dictated by the exposure of rock available to sample and not necessarily the width of the zone. Channel samples are cut as close to perpendicular to the strike of mineralization as possible but are not representative of true width of the zone.*

## QUALITY ASSURANCE (QA/QC)

The Company has implemented a quality control program for the trench sampling and planned drill program to ensure best practice in sampling and analysis. The strict quality assurance/quality control protocols include the systematic insertion of certified standard reference and blank materials into each sample batch. Analyses are performed by Activation Laboratories Ltd. (Actlabs) of Thunder Bay, Ontario with ISO 17025 accreditation. Samples are transported in securely sealed bags to Actlabs and all samples are analyzed using industry-standard techniques. Gold and silver are analyzed by a standard 50 gram fire assay with an AAS and a gravimetric finish on samples greater than 5 g/t.

The planning, execution and monitoring of the Company's quality control programs are under the supervision of Michael Thompson, P. Geo., President and Chief Executive Officer of Kesselrun.

## COMMITMENTS

In order to keep the Bluffpoint Property and the Huronian Property in good standing, the Company is required to complete certain annual exploration activities. The cost of these exploration activities is determined based on the size of the claims. The Company continuously monitors status of its claims; and should it decide that the exploration of certain claims within a property is not in the Company's best interests at any given year, the Company retains the right to drop such claims.

## QUALIFIED PERSON

Michael Thompson, P. Geo., President and Chief Executive Officer of Kesselrun, is the Qualified Person responsible for the Bluffpoint Property and the Huronian Property projects as defined by National Instrument 43-101 and has approved the technical information contained herein.

## SELECTED FINANCIAL INFORMATION

**Table 9. Comparison of financial condition**

| | Nine months ended April 30, 2018 | Year ended July 31, 2017 |
|---|---|---|
| Working capital | $ 1,808,970 | $ 2,796,571 |
| Current assets | $ 2,161,752 | $ 3,199,521 |
| Exploration and evaluation assets | $ 2,474,966 | $ 2,088,416 |
| Total liabilities | $ 352,782 | $ 402,950 |
| Share capital and share-based payment reserve | $ 6,557,639 | $ 6,357,337 |
| Deficit | $ 2,273,703 | $ 1,472,350 |

## RESULTS OF OPERATIONS

During the nine-month period ended April 30, 2018, the Company reported a net loss of $801,353 as compared to net loss of $33,185 the Company generated during the comparative period ended April 30, 2017.

During the nine months ended April 30, 2018, the Company's operating expenses increased by $83,515, from $242,399 the Company incurred during the nine-month period ended April 30, 2017, to $325,914 the Company incurred during the nine-month period ended April 30, 2018. The largest factor that contributed to the increase in operating expenses was attributed to $120,302 in share-based compensation the Company recognized on options granted to the Company's directors, officers and a consultant on December 21, 2017, to acquire up to 1,650,000 shares of its common stock at $0.10 per share. Other expenses incurred in the course of operations of the Company during the nine-month period ended April 30, 2018, included consulting fees for corporate and business development services of $63,000, accounting and audit fees of $23,570, and administrative services of $18,000. Advertising and promotion as well as regulatory and filing fees accounted for $68,555 and $17,480, respectively. In addition, the Company recorded $4,787, $7,140, and $2,179 in office, travel, and meals and entertainment expenses, respectively.

In addition to its regular business operating expenses, the Company's overall net loss for the nine-month period ended April 30, 2018, was effected by $93,868 loss on sale of its equity investment in the FM Shares, which resulted from a declined market value of the FM Shares at the time the transactions took place, and $364,700 unrealized loss on revaluation of the equity investments at the reporting date. In addition, the Company accrued $16,871 in interest on notes payable the Company issued to Fladgate Exploration Consulting Corporation ("Fladgate").

During the nine months ended April 30, 2017, the Company's operating expenses increased by $90,167, or 59%, from $152,232 the Company incurred during the nine-month period ended April 30, 2016, to $242,399 the Company incurred during the nine-month period ended April 30, 2017. The increase was mainly associated with $70,498 in legal fees related to negotiations with First Mining on Tamaka Debentures, as well as $88,874 in consulting fees associated with the Company's day-to-day operations and its decision to dual-list its shares of the common stock on the OTC Link alternative trading system on the OTC Pink marketplace. In addition, the Company recorded $18,000 in administrative fees, $22,870 in accounting and audit fees, and $19,411 in filing and regulatory fees. Due to increased business activity, the Company's office expenses increased by $1,525 to $7,128; in addition, the Company incurred $7,401 in travel fees and $4,446 in meals and entertainment expenses. The increased operating expenses were further increased by $1,367 in share-based compensation associated with options granted to the Company's consultants.

In addition to the regular business operating expenses, the Company's net loss during the comparative period ended April 30, 2017, was affected by $213,990 the Company received on the Tamaka Debentures, which was slightly reduced by $4,776 in interest on notes payable the Company issued to Fladgate.

**Summary of Quarterly Results**

Results for the most recently completed financial quarters are summarized in the table below:

**Table 10. Summary of quarterly results**

| | April 30, 2018 | January 31, 2018 | October 31, 2017 | July 31, 2017 |
|---|---|---|---|---|
| Net Income (Loss) | $ (78,758) | $ (632,170) | $ (90,425) | $ 2,989,683 |
| Income (Loss) per Share | $ (0.00) | $ (0.02) | $ (0.00) | $ 0.07 |
| Exploration and Evaluation Assets | $ 2,474,966 | $ 2,473,349 | $ 2,473,349 | $ 2,088,416 |
| Total Assets | $ 4,636,718 | $ 4,891,363 | $ 5,505,961 | $ 5,287,937 |
| Working Capital (Deficit) | $ 1,808,970 | $ 1,826,508 | $ 2,321,213 | $ 2,796,571 |

| | April 30, 2017 | January 31, 2017 | October 31, 2016 | July 31, 2016 |
|---|---|---|---|---|
| Net Income (Loss) | $ (103,119) | $ 143,030 | $ (73,096) | $ (208,482) |
| Income (Loss) per Share | $ 0.00 | $ 0.00 | $ (0.00) | $ (0.01) |
| Exploration and Evaluation Assets | $ 2,203,647 | $ 2,064,662 | $ 1,906,800 | $ 1,354,553 |
| Total Assets | $ 2,496,295 | $ 2,412,362 | $ 2,293,146 | $ 1,930,397 |
| Working Capital (Deficit) | $ (307,895) | $ (101,612) | $ (100,979) | $ 541,177 |

**Liquidity and Capital Resources**

As at April 30, 2018, the Company had $92,817 (July 31, 2017 - $240,974) in cash, current assets of $2,161,752 (July 31, 2017 - $3,199,521) and current liabilities of $352,782 (July 31, 2017 - $402,950) with working capital of $1,808,970 (July 31, 2017 – $2,796,571). The largest component of the Company's current assets was attributed to $2,038,980 equity investment in 3,998,000 FM Shares. Other current assets consisted of GST receivable totalling $22,365, and $7,590 in prepaid expenses, which were $63,985 lower than prepaid expenses at July 31, 2017. The change in prepaid expenses was associated with prepayment the Company made in its fiscal 2017 to a non-related party for corporate communication services which began on July 1, 2017, and continued for a nine-month period.

During the nine-month period ended April 30, 2018, the Company's operations were supported by $369,452 cash received from the sale of 702,000 First Mining Shares (the "FM Shares"), and, to a minor extent, from the cash generated on exercise of warrants to acquire up to 800,000 shares at $0.10 per share for a total proceeds of $80,000. During the same period, the Company used $225,000 to partial repay notes payable the Company issued to Fladgate, of which $27,822 was used to pay out the interest accrued on the notes payable and $197,178 was used to partially reduce the principal amount the Company borrowed from Fladgate.

Aside from the sale of FM Shares, the Company does not have any additional sources of immediate cash flows. Should the Company require additional financing to continue exploration of its current mineral claims, acquire additional claims, and to support general operating activities, the Company may sell any part of its equity investment in FM Shares, or may choose to offer its equity securities, primarily through private placements for cash.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

**Transactions with Related Parties**

During the nine-month periods ended April 30, 2018 and 2017, the Company had the following transactions with related parties:

**Table 11. Related Party Transactions**

| | Nine months ended April 30, | |
|---|---|---|
| | **2018** | **2017** |
| Fladgate, for exploration and evaluation expenditures[1] | $ 384,933 | $ 804,141 |
| Interest expense accrued on notes payable issued to Fladgate | $ 16,871 | $ 4,776 |
| Fladgate, for project investigation costs[1] | $ - | $ 1,150 |
| Da Costa Management Corp., for accounting, consulting, and administrative services[2] | $ 54,000 | $ 54,000 |

(1) Fladgate is a full service geological consulting firm with over 30 employees/contractors, which conducts all mineral exploration activities on behalf of the Company. Fladgate invoices the Company periodically when exploration is active at competitive industry standard rates. Fladgate is part owned by Michael Thompson, Chief Executive Officer and a director of Kesselrun and Caitlin Jeffs, a director of Kesselrun, each owning 33.33% of Fladgate.

(2) Da Costa Management Corp. is a private company owned by John da Costa, the Chief Financial Officer and a director of Kesselrun.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. At April 30, 2018, $269,111 was due to related parties (July 31, 2017 - $97,364).

At April 30, 2018, the Company was indebted to Fladgate in the amount of $83,022 (July 31, 2017 - $291,151) under the notes payable the Company issued to Fladgate during the year ended July 31, 2017 (the "Loans"). The Loans are unsecured, due on demand and accumulate interest at a rate of 8% per annum compounded monthly. During the nine-month period ended April 30, 2018, the Company repaid $225,000 in notes payable issued to Fladgate, of which $27,822 was used to repay the interest accrued on the notes payable and $197,178 was used to partially reduce the principal.

**Outstanding Share Data**

As at the date of this MD&A, the following securities were outstanding:

**Table 12. Share Data**

| Type | Amount | Conditions |
|---|---|---|
| Common shares | 37,763,483 | Issued and outstanding |
| Stock options | 700,000 | Exercisable into 700,000 common shares at a price of $0.05 per share until March 26, 2020 |
| Stock options | 300,000 | Exercisable into 300,000 common shares at a price of $0.06 per share until April 13, 2021 |
| Stock options | 595,000 | Exercisable into 595,000 common shares at a price of $0.11 per share until May 31, 2021 |

| Type | Amount | Conditions |
|---|---|---|
| Stock options | 1,350,000 | Exercisable into 1,350,000 common shares at a price of $0.10 per share until December 21, 2022 |
| Stock options | 300,000 | Exercisable into 300,000 common shares at a price of $0.10 per share until December 21, 2022. As at the date of this MD&A 150,000 options have vested, and remaining options vest at 75,000 shares per quarter beginning on September 21, 2018 |
| | 41,008,483 | Total shares outstanding (fully diluted) |

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the year ended July 31, 2017.

**New accounting standards and interpretations**

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's financial statements. The following standard is relevant to the Company’s financial statements:

*IFRS 9 - Financial instruments*
In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Early implementation is allowed.

The Company intends to adopt the new IFRS standard when it becomes effective. Management does not expect a material impact on its financial statements arising from this standard.

## RISKS AND UNCERTAINTIES

*Our exploration programs may not result in a commercial mining operation.*

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our mineral claims are without a known body of commercial ore and our exploration programs are an exploratory search for ore. We do not know whether our exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off all of our investments in our existing claims.

*We may not have sufficient funds to complete further exploration programs.*

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. As of the date of this MD&A, we hold 3,998,000 shares of First Mining without any significant resale restrictions. As such we believe that we have enough liquid assets to continue our exploration activities and day-to-day operations for the next 12-month period. Should our exploration activities require larger capital injections than currently budgeted, or if the market value of FM Shares decreases, we may not be able to source additional funding to further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, should it become necessary, we may have to delay or cancel further exploration of our properties, and we could lose all of our interest in our claims.

*Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.*

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

*We have no revenue from operations and no ongoing mining operations of any kind.*

We are a mineral exploration company and have no revenues from operations and no ongoing mining operations of any kind. If our exploration programs successfully locate an economic ore body, we will be subject to additional risks associated with mining.

We will require additional funds to place the ore body into commercial production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and construct the mining and processing facilities at any site chosen for mining. We do not know whether additional financing will be available at all or on acceptable terms. If additional financing is not available, we may have to postpone the development of, or sell, our Bluffpoint Project.

*Mineral exploration is highly speculative and risky; any material changes to the estimated reserves might adversely affect the profitability of the property.*

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

*Mineral exploration is hazardous. We could incur liability or damages as we conduct our business due to the dangers inherent in mineral exploration.*

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labor disruptions, flooding, explosions, rock bursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labor. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure against or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

*In the future we may be required to comply with government regulations affecting mineral exploration and exploitation, which could adversely affect our business, the results of our operations and our financial condition.*

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labor standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

*Land reclamation requirements for our exploration properties may be burdensome.*

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

*We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.*

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or personnel, we will not be able to grow at the rate we desire or at all.

*Some of our directors and officers have conflicts of interest as a result of their involvement with other natural resource companies.*

Some of our directors and officers are directors or officers of other natural resource or mining-related companies. These associations may give rise to conflicts of interest from time to time. In particular, our directors who also serve as directors of other companies in the same industry may be presented with business opportunities which are made available to such competing companies and not to us. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material, adverse effect on our financial position.

## Financial Instruments

### Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash and marketable securities is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of financial liabilities approximates their carrying values due to the short-term nature of these instruments.

**Capital management**

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to ensure future benefits to stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at the date of the filing of this MD&A, the Company does not have any debt that is subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates, and commodity and equity prices.

i. Currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

ii. Interest rate risk
The Company's exposure to interest rate risk arises from the interest rate impact on its cash. In order to maintain liquidity the Company plans to invest its cash at floating rates of interest in cash equivalents. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, restricted cash and reclamation bond as they are generally held with large financial institutions.

iii. Price risk
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investments in marketable equity securities of First Mining.

## CONTINGENCIES

There are no contingent liabilities.

## DIRECTORS AND OFFICERS

As of the date of this report, the Company has the following directors and officers:

Michael Thompson, P.Geo - *Director, President and CEO*
John da Costa – *Director and CFO*
Caitlin Jeffs, P.Geo – *Director*
Yanika Silina, CPA, CMA – *Director*

**Michael Thompson, P.Geo - Director, President and CEO**

Mr. Thompson has served as a Director, the President, and the Chief Executive Officer of the Company since July 18, 2012. Mr. Thompson received his Honours B.Sc. in Geology from the University of Toronto in 1997. Michael has worked for several companies since 1997 in both gold and base metal exploration, most notably Teck Resources Ltd., Placer Dome CLA Inc. and Goldcorp Inc. Mr. Thompson specializes in structural interpretation of gold deposits as well as advancing exploration programs to the resource stage. He is a founding partner, part owner and President of Fladgate Exploration Consulting Corporation of Thunder Bay, ON, a full service mineral exploration consulting firm with over 30 employees and a roster of publicly traded clients. Mr. Thompson is also a Director and Vice President of Exploration for Red Metal Resources Ltd., a mineral exploration company quoted on the OTC Pink, and Director of Fairmont Resources Inc., a TSX Venture Exchange company.

**John da Costa – Director, CFO**

Mr. da Costa has served as a Director, Chief Financial Officer, and Corporate Secretary of the Company since July 18, 2012. Mr. da Costa is President of Da Costa Management Corp., a BC company that provides corporate management, bookkeeping and accounting services to public and private companies. Mr. da Costa has acted as CFO, Corporate Secretary and director of several reporting issuers listed on the OTCQB, OTC Pink, and the TSX Venture Exchange.

**Caitlin Jeffs, P.Geo – Director**

Ms. Jeffs has served as a Director of the Company since July 18, 2012. Ms. Jeffs received her Honours B.Sc. in Geology from the University of British Columbia in 2002. She is a professional geologist on the register of the Association of Professional Geoscientists of Ontario. She worked for Placer Dome (CLA) Ltd. in Canada from February 2003 until May 2006 where she worked as both a project geologist managing drill programs for the exploration department at Placer Dome's Musselwhite Mine in Northwestern Ontario and then as part of the generative team evaluating potential projects in Northwestern Ontario. Placer Dome (since acquired by Barrick Gold Corp. and Gold Corp.) was a major mining company with operations in North America, Australia, Africa and South America. Ms. Jeffs is one of the founders and Vice President of Fladgate Exploration Consulting Corporation of Thunder Bay, ON, a full service mineral exploration consulting firm with over 30 employees and a roster of publicly traded clients. Ms. Jeffs is also a Director and President of Red Metal Resources Ltd., a mineral exploration company quoted on the OTC Pink.

**Yanika Silina, CPA, CMA – Director**

Ms. Silina has served as a Director of the Company since December 23, 2014. Ms. Silina is a Chartered Professional Accountant and holds a Diploma in Management Studies from Thompson Rivers University. Ms. Silina is currently CFO and director of Cell MedX Corp., a reporting issuers listed on the OTCQB, and CFO of Lifestyle Delivery Systems Inc., a reporting issuer listed on the Canadian Securities Exchange and on the OTCQX. Ms. Silina has previously held various management positions with other public companies listed on OTCQB and Canadian Securities Exchange.

## ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.