



**MANAGEMENT'S DISCUSSION AND ANALYSIS of**

**WEST KIRKLAND MINING INC.**

**For the year ended December 31, 2017**

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# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2017

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### Overview

West Kirkland Mining Inc. ("West Kirkland" or the "Company") is a mineral exploration and development company focused on the acquisition, exploration and development of gold projects in Nevada with its flagship asset being the Hasbrouck heap leach gold project, which consists of the Hasbrouck and Three Hills properties (the "Hasbrouck Project"). The Company is based in Vancouver, British Columbia, Canada and its common shares trade on the TSX Venture Exchange under the symbol, "WKM". The Company is a reporting issuer in the each of the provinces of Canada except Quebec.

The following Management Discussion and Analysis ("MD&A") focuses on the financial condition and results of operations of the Company for the period ended December 31, 2017. This MD&A is prepared as of April 26, 2018 and should be read in conjunction with the Company's consolidated financial statements and related notes thereto for the year ended December 31, 2017.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

### Forward-Looking Information

Certain statements made and information contained herein may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation (collectively, "Forward-Looking Statements"). Forward-Looking Statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. Forward-Looking Statements in this MD&A include, but are not limited to, statements with regard to:

- Planned exploration activity including both expected drilling and geological and geophysical related activities;
- Planned permitting activity for the Hasbrouck properties;
- Impact of increasing competition;
- Future foreign currency exchange rates;
- The Company's ability to obtain additional financing on satisfactory terms;
- Future sources of liquidity, cash flows and their uses; and

Forward-Looking Statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by the Company based on the information available to it, are inherently subject to significant business, economic and competitive uncertainties and contingences. The Company cautions investors that any Forward-Looking Statements provided by the Company are not a guarantee of future results or performance, and that actual results may differ materially from those in Forward-Looking Statements as a result of various estimates, assumptions, risks, and uncertainties, including, but not limited to, the state of the financial markets for the Company's equity securities, the state of the market for gold or other minerals that may be produced generally, recent market volatility; variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's ability to obtain any necessary permits, consents or authorizations required for its activities, to raise the necessary capital or to be fully able to implement its business strategies and other risks associated with the exploration and development of mineral properties.

Although the Company has attempted to identify risks and uncertainties (section 10) that may cause actual actions, events or results to differ materially from those described in Forward-Looking Statements, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. As actual results and future events could differ materially from those anticipated in Forward-Looking Statements, readers should not place undue reliance on such statements. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any Forward-Looking Statements, whether as a result of new information, future events or otherwise.

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### Recent Activities in the Company

On April 5, 2018 the Company reported gold assay values in continuous sample lengths, at surface, further outlining a new target near the Hasbrouck Project. The best channel results of 1.54 g/t Au over 120 feet compares well with a historic drill intercept 500 feet to the west of 1.1 g/t Au over a down-hole length of 225 feet. Additional detailed surface sampling will be completed in the weeks ahead followed by drilling targeted on potential for open pit resources near surface.

On March 13, 2018, the Company closed a private placement for 22,900,000 common shares at a price of \$0.06 per share for aggregate gross proceeds of \$1,374,000. A 6% finder's fee amounting to \$27,720 was paid on a portion of the private placement, which was otherwise arranged by management. Following the Private Placement, Sun Valley Gold Master Fund, Ltd. and Ruffer LLP, on behalf of its clients, held approximately 45.85% and 17.23% respectively of the common shares of the Company.

On December 18, 2017 the Company entered into a lease agreement with Tonopah Divide Mining Company ("TDMC") for a 100% working interest on mining patents and mineral claims covering 2,500 acres adjacent to the Company's Hasbrouck Project. The TDMC lease includes important areas of former open pit and underground gold production, some of which have no record of exploration since the 1920's. TDMC was incorporated in 1908 and has carefully consolidated and confirmed title over the lease area in the past several decades, including important and careful legal historic title work in the past two years.

On August 16, 2017, the Company closed a private placement for 19,300,000 common shares at a price of \$0.075 per share for aggregate gross proceeds of \$1,447,500. There were no finder's fees or commissions paid on the private placement, which was arranged by management with three of the Company's larger shareholders.

On May 9, 2017 the Company announced it had purchased from Newmont Mining Corporation ("Newmont") an approximate 1.1% NSR royalty on the Hasbrouck Project, plus the rights to US\$1.0 million in payments due upon commercial production at the Hasbrouck Project and the extinguishment of existing land fees (US\$194,000) due in exchange for the Company's TUG property interest. Newmont retains a 1.25% NSR royalty over the Hasbrouck Project, which the Company has a right to purchase at any time for so long as Newmont continues to own the rights. The Company now owns for its own account approximately a 1.1% NSR royalty, or 31.4% of the existing 3.5% NSR royalties on the Hasbrouck Project. Royalties held by the Company are not held in the Limited Liability Corporation, ("LLC"). The existing NSR royalties are over claims hosting the proven and probable reserves and have not been altered by way of this transaction.

On March 30, 2017 a formal LLC agreement, effective as at September 1, 2016, was executed between the Company and Waterton. Under the terms of the LLC agreement Waterton is required to fund their 25% share of expenditures on the Hasbrouck Project incurred subsequent to September 1, 2016. To date, Waterton has been funding their share of expenditures. However, should Waterton choose not to fund their share of expenditures, their interest will be diluted according to a prescribed formula in the LLC agreement. At December 31, 2017 the Company recorded an amount receivable of \$89,622 (US\$71,441) representing Waterton's 25% share of LLC expenses incurred.

On September 1, 2016, the Company announced the results of the Hasbrouck Updated Pre-Feasibility Study ("2016 PFS"). The 2016 PFS updates the earlier July 2015 Pre-feasibility Study (the "2015 PFS") with value engineering, detailed construction scheduling, revised contractor cost estimates, an updated gold price, and various other changes.

Highlights of the 2016 PFS included a US\$120 million after-tax Net Present Value ("NPV") at a 5% discount rate with a 43% after-tax Internal Rate of Return ("IRR"), assuming a gold price of US\$1,275 per ounce and a silver price of US\$18.21 per ounce. Initial capital required according to the 2016 PFS amounted to US\$47 million. All values are based on 100% of the project.

The 2016 PFS includes a timeline showing the Three Hills Mine operating for approximately two years followed by six years of operations at the Hasbrouck Mine to produce 594,000 gold equivalent ounces over

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eight years. The life of mine stripping ratio is modeled at 1:1. Adjusted operating costs for the project are estimated to be US\$661 per ounce of gold, with all-in sustaining costs of US\$709 per ounce of gold.

The Company continues to advance permitting at the Hasbrouck Mine, advance value engineering of the Hasbrouck Project, and develop exploration opportunities. Exploration in the district of the Hasbrouck Project is also a focus of the Company's activities currently.

### Discussion of Operations and Financial Results

#### 1. Results of Operations

##### *For the year ended December 31, 2017*

For the twelve-month period ended December 31, 2017, the Company incurred a net loss of \$1.0 million (December 31, 2016 - \$1.1 million). Shareholder relations totaled \$110,077 (December 31, 2016 \$29,857) with the increase resulting from the engagement of an investor relations specialist and an increase in shareholder relations activities relative to the prior year. Management and consulting fees of \$171,397 (December 31, 2016 - \$230,129) have dropped due to a one-time payment in the previous year. Salaries and benefits \$98,869 (December 31, 2016 - \$160,466) have dropped due to less staff being employed as compared to the prior year. Exchange differences on translating foreign operations were a loss of \$2,672,367 (December 31, 2016 - \$1,181,484) due to a 6.6% rise in Canadian Dollar value relative to the United States Dollar as compared to a 3.0% rise in value in the previous year.

##### *For the three-month period ended December 31, 2017*

For the period ended December 31, 2017, the Company incurred a net loss of \$111,673 (December 31, 2016 - \$157,026). Professional fees were \$43,260 (December 31, 2016 - \$56,290) due to higher legal fees in the prior comparable period. Management and consulting fees were \$41,669 (December 31, 2016 - \$36,520). Exchange differences on translating foreign operations was a gain of \$0.2 million in the current quarter (December 31, 2016 \$1.5 million gain) due to a 0.6% increase in Canadian Dollar value relative to the United States Dollar as compared to a 2.3% drop in the previous comparable quarter.

#### **Selected Information**

The following tables set forth selected financial data from the Company's consolidated financial statements and should be read in conjunction with those financial statements:

|                                  | Year Ended<br>December 31,<br>2017 | Year Ended<br>December 31,<br>2016 | Year Ended<br>December 31,<br>2015 |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Interest Income                  | \$ 4,958                           | \$ 2,619                           | \$ 12,678                          |
| Comprehensive Loss (Income)      | \$ 3,701,929                       | \$ 2,278,889                       | \$ (5,107,295)                     |
| Basic and Diluted Loss per Share | \$ 0.00                            | \$ 0.00                            | \$ 0.00                            |
| Total Assets                     | \$ 39,567,013                      | \$ 41,066,395                      | \$ 41,305,203                      |
| Long Term Debt                   | \$ Nil                             | \$ Nil                             | \$ Nil                             |
| Dividends                        | \$ Nil                             | \$ Nil                             | \$ Nil                             |

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The following table sets forth selected quarterly financial information for each of the last eight (8) quarters:

| Quarter Ending     | Interest & Other<br>Income | Net Loss <sup>(a)</sup> | Comprehensive Loss<br>(Gain) <sup>(b)</sup> | Net Basic Loss<br>per Share |
|--------------------|----------------------------|-------------------------|---|-----------------------------|
| December 31, 2017  | \$ 2,088                   | \$ 111,673              | \$ (51,694)                                 | \$ 0.00                     |
| September 30, 2017 | \$ 684                     | \$ 286,035              | \$ 1,818,606                                | \$ 0.00                     |
| June 30, 2017      | \$ 223                     | \$ 158,404              | \$ (1,216,155)                              | \$ 0.00                     |
| March 31, 2017     | \$ 1,963                   | \$ 478,042              | \$ 849,854                                  | \$ 0.00                     |
| December 31, 2016  | \$ 1,089                   | \$ 157,026              | \$ (1,337,118)                              | \$ 0.00                     |
| September 30, 2016 | \$ 627                     | \$ 264,000              | \$ (321,769)                                | \$ 0.00                     |
| June 30, 2016      | \$ 787                     | \$ 465,071              | \$ 668,430                                  | \$ 0.00                     |
| March 31, 2016     | \$ 116                     | \$ 211,318              | \$ 2,683,587                                | \$ 0.00                     |

**Notes:**

- a) Quarterly Net Loss is often materially affected by the timing and recognition of large non-cash expenses.
- b) Comprehensive (gain) loss by quarter is often materially affected by changes in foreign exchange rates.

## 2. Exploration Programs and Expenditures

For more detailed information regarding the Company's mineral properties and mineral property expenditures during the period, please refer to note 5, "Mineral Properties" in the Company's consolidated financial statements for the year ended December 31, 2017.

### ***Hasbrouck Project***

On January 24, 2014, the Company entered into a purchase agreement to acquire 75% of the Hasbrouck and Three Hills properties in southwestern Nevada for consideration of US\$20 million from Allied Nevada Gold Corp. ("ANV"). A US\$0.5 million non-refundable cash deposit was paid to ANV upon execution of the purchase agreement. A further US\$19.5 million cash payment was paid on April 23, 2014, at which time the Company acquired a 75% interest in the properties.

On March 10, 2015, ANV announced that it had filed for Chapter 11 bankruptcy protection in the U.S. and was implementing a financial restructuring of its debt. On June 19, 2015, Waterton Precious Metals Fund II Cayman, LP ("Waterton") acquired all of ANV's exploration properties and related assets (excluding the Hydroft operation) for US\$17.5 million.

As outlined in the purchase agreement, 100% title to the mineral rights underlying the Hasbrouck Project was transferred into the LLC on September 1, 2016 with the Company retaining its 75% interest and Waterton its 25% interest for ownership and operating purposes.

On March 30, 2017 a formal operating agreement was executed whereby Waterton is required to fund their 25% share of expenditures on the property, or in the event they do not fund their 25% share, their interest will be diluted. The co-funding of project expenditures is effective from September 1, 2016. At December 31, 2017 an amount of \$89,622 was recorded as Waterton's 25% share of LLC expenditures, which Waterton paid subsequent to the end of the period.

The Company has advanced the Hasbrouck Project to a pre-feasibility study level. Permitting to allow mine development at the Hasbrouck property is underway. On November 27, 2015, the Company announced the receipt of a Decision Record and Finding of No Significant Impact for an environmental assessment report ("EA") at the Three Hills property. The last key permit necessary for construction and operation at Three Hills was issued in June 2016.

Since acquiring its 75% interest in the Hasbrouck properties in April 2014 the Company has conducted exploration and condemnation drilling, geotechnical and hydrological investigations and metallurgical

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studies. Pre-feasibility engineering and modelling as well as permitting activities continued into 2016, culminating with the completion of an updated PFS as announced September 1, 2016 and filed September 15, 2016 on SEDAR.

On January 12, 2017 the Company announced that it had exercised an option with Eastfield Resources (USA) Inc. ("Eastfield") to purchase 7 patented mining claims comprising approximately 140 acres over a portion of the Hasbrouck and Three Hills Project. On September 11, 2014, the Company entered a mining lease and purchase agreement with Eastfield for the patented mining claims, including surface rights. Total consideration paid was \$285,000. The purchase of these patented claims and surface rights is in accordance with the fully-permitted Plan of Operations for the Three Hills gold mine.

### ***Properties held outside of Hasbrouck LLC***

#### *Hill of Gold*

On November 29, 2016 the Company announced that it had signed a ten-year Mineral Lease and Option to Purchase Agreement (the "HOG Lease") for a 100% interest in the Hill of Gold property near Tonopah, Nevada. The Hill of Gold property is located midway between the Three Hills Mine and the Hasbrouck Mine. The HOG Lease terms allow for mining, and involve annual lease payments as pre-payments on a 2% NSR royalty of US\$25,000 for the first three years and thereafter US\$30,000 per year, with the option of buying the mining claims and royalty for US\$500,000 at any time during the lease term. The lease is for 25 mining claims on approximately 500 acres of unpatented land. Although adjacent to the Hasbrouck Project, Hill of Gold is 100% owned by the Company.

Exploration at Hill of Gold will be directed at defining an open pit that can add life to the permitted Three Hills Mine. Historical drilling of 29,926 feet from 83 reverse circulation holes and 6 core holes and metallurgical work at Hill of Gold indicates that mineralization is oxidized and amenable to heap leach at 1.5 inch crush for an 80% gold recovery. The Hill of Gold host rocks and geological setting are similar to the Three Hills deposit.

On March 16, 2017 the Company announced that one exploration hole had been drilled at Hill of Gold, together with seven exploration holes at Three Hills Mine. The hole was successful in expanding the known gold zone. Further drilling will be targeted up-dip towards surface from this initial gold bearing intercept.

#### *Tonopah Divide Property*

On December 18, 2017 the Company announced it had entered into a lease agreement with the Tonopah Divide Mining Company ("TDMC") for a 100% working interest on mining patents and mineral claims located adjacent to the Hasbrouck property. In consideration for the 100% working interest in the property the Company must continue to make optional US\$75,000 annual advance royalty payments to TDMC. Also, a US\$100,000 annual work requirement from 2018 to 2022 increasing to US\$200,000 per year from 2023 to 2028. TDMC is to receive an approximate 3% NSR royalty from any production from the property, less any underlying royalty payments and the advance royalties already paid.

The Company has completed a Geographic Information System ("GIS") compilation of over \$ 4m of previous exploration on the property along with historical level plans and data going back to 1915. This data is being combined with the ongoing new exploration and sampling and assaying data. Clear new targets for at surface gold are emerging from this work and sampling is ongoing.

#### *Royalty on Hasbrouck LLC*

On May 9, 2017 the Company announced it had purchased an approximate 1.1% NSR royalty on the Hasbrouck Project, plus the rights to US\$1.0 million in payments due upon commercial production at the Hasbrouck Project and the extinguishment of US\$194,000 in existing land fees due to Newmont in exchange for the Company's TUG property interest (see below for further details). Newmont retains a

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1.25% NSR royalty over the Hasbrouck Project, which the Company has a right to purchase at any time for so long as Newmont continues to own the rights. The Company now owns for its own account approximately a 1.1% NSR royalty, or 31.4% of the existing 3.5% NSR royalties on the Hasbrouck Project. The existing NSR royalties are over claims hosting the proven and probable reserves and have not been altered by way of this transaction.

### **Permitting**

#### Three Hills Permitting Update

On November 27, 2015, the Company announced the receipt of a Decision Record and Finding of No Significant Impact for the EA at the Three Hills Mine. The receipt of the Decision Record signifies completion of the National Environmental Policy Act ("NEPA") and environmental assessment process and is the final major permitting step for construction to begin. The last key permit necessary for construction and operation was issued in June 2016.

Three Hills Mine qualified to be assessed under an EA as opposed to the lengthier and costlier Environmental Impact Statement ("EIS") because of its small footprint of less than a square mile and the absence of "significant impacts" as determined by the Bureau of Land Management ("BLM"). West Kirkland plans to operate the Three Hills Mine for at least two years, allowing time to finalize permitting and to build the Hasbrouck Mine. Hasbrouck Mine's capital costs are projected to be significantly funded by cash flow from the Three Hills Mine. The possibility exists that the ore body at Three Hills Mine can be extended through exploration while the mine is in construction and operation, which would generate additional cash flow in order to reduce peak funding requirements on the Hasbrouck Mine. Drilling completed in 2017 did not yield further economically recoverable ore.

#### Hasbrouck Permitting Update

The mine plan for Hasbrouck Mine, as outlined in the 2016 PFS, will require a typical amount of permitting for a mining operation in Nevada, including the completion of either an EA or an EIS. Based on the fact that the Hasbrouck Mine is similar to Three Hills Mine in being less than one square mile and not believed to have significant impacts on the environment, it may be reasonable to expect that it will be permitted under an EA. The Company submitted the Hasbrouck Mine Plan of Operation to the BLM in September 2017. Recent changes and directives from the senior levels of federal government to accelerate and simplify permitting have resulted in delays in determining process at the local level. The Company had expected a decision on its Plan of Operations in the first half of 2018. This could start an expedited process and the local level has requested more baseline work. There are no identified biological, cultural, hydrology, or geochemistry issues that would delay or disrupt the timely process of applications and permitting for development. The two mines are scheduled sequentially which will allow 24 months during Three Hills Mine construction and operation for the finalization of permit acquisition for the Hasbrouck Mine. This is considered sufficient time, given the amount of permitting work that has already been performed and the straightforward nature of the Hasbrouck Mine, but the time required to obtain permits is outside of the Company's control. The Company has continued work towards the completion of permitting at Hasbrouck during 2017 in advance of the completion of project financing and the commencement of construction at Three Hills, reducing the time gap between the commencement of production at Three Hills versus the completion of permitting at Hasbrouck.

A significant reduction in cost and time for permitting the larger Hasbrouck Mine will be achieved if the BLM choose to process the Hasbrouck Mine under an Environmental Assessment ("EA") versus an Environmental Impact Statement ("EIS") as was assumed in the 2016 PFS. An EA is possible following certain minor re-designs of the Hasbrouck Mine which have brought the area of disturbance down to less than a square mile. Should the BLM decide on an EA, the potential saving would be estimated at approximately US\$2 million and a year off the project schedule.

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### ***Hasbrouck Project Updated Pre-Feasibility Study***

The Hasbrouck Project's base case, as reported in the 2016 PFS, has an after-tax IRR of 43% and a US\$120 million after-tax NPV at a 5% discount rate (NPV 5%) assuming a US\$1,275/oz gold price and a US\$18.21/oz silver price (all figures are based on 100% of the project). Processing is planned at an average 6.1 million ore tons per year for 74,000 ounces annual gold-equivalent production for eight years.

In the 2016 PFS base case a Carbon-In-Columns ("CIC") plant will be installed at the Three Hills. Gold will be stripped from carbon off-site by a contractor. An Adsorption-Desorption-Recovery plant (ADR) complete with CIC will be installed at the Hasbrouck Mine to handle the greater amount of silver in that deposit.

Initial capital to construct the Three Hills Mine is estimated at \$47 million. Further capital expenditures of \$83 million to construct the larger Hasbrouck Mine are modelled to come from free cashflow from operations at the Three Hills Mine.

The 2016 PFS includes a timeline showing the Three Hills Mine operating for approximately two years followed by six years of operations at the Hasbrouck Mine to produce 594,000 equivalent gold ounces over eight years. The life of mine stripping ratio is modeled at 1:1. Adjusted Operating Costs net of by-products as defined by the World Gold Council for the project are predicted to be US\$661 per ounce of gold, with All-in Sustaining Costs net of by products of US\$709 per ounce of gold.

Three Hills Mine is planned as a run-of-mine heap-leach operation using conventional open pit, truck-and-shovel mining. Run-of-mine ore will be placed on the leach pad at 15,000 tons per day. A large-scale metallurgical test on 20 tons of un-crushed ore predicted 81.5% gold recovery and 11% silver recovery at the Three Hills Mine.

The Hasbrouck Mine is designed as a 17,500 ton-per-day heap-leach operation. Crushing will be by a primary jaw crusher, two secondary cone-crushers, and a tertiary high pressure grinding roll (HPGR). The crushed product will be agglomerated with cement in a pug mill and conveyed to a leach pad. Metallurgical tests of Hasbrouck ore in a lab-scale HPGR predict that using an HPGR for tertiary crushing will result in a gold recovery of 74% and silver recovery of 11%. Gold, and silver in the case of Hasbrouck, is to be leached using industry-standard cyanide solution which will be passed through carbon columns to extract the precious metals.

The 2016 PFS National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") compliant technical report was filed on SEDAR on September 15, 2016. The filed report is entitled "Technical Report and Updated Preliminary Feasibility Study: Hasbrouck and Three Hills Gold-Silver Project, Esmeralda County, Nevada," is dated September 14, 2016 and was prepared by Thomas L. Dyer, P.E. and Paul Tietz, C.P.G. of Mine Development Associates ("MDA") of Reno, Nevada, who are WKM's Independent Qualified Persons as defined under NI 43-101. A copy of the report can be found at [www.sedar.com](http://www.sedar.com) and on the Company's website. This latest technical report is an update to the earlier 2015 PFS technical report dated effective June 19, 2015, which was prepared by the same Qualified Persons as the 2016 PFS. Mineral resource and reserve estimates have not changed since June 19, 2015.

### ***Water***

On February 21, 2017 the Company announced that it had entered into an agreement to lease water rights from Liberty Moly LLC ("Liberty Moly"). Liberty Moly holds certain water rights which allow it to appropriate ground water within Basin 137a for use at their Liberty Moly project, located 30 km north of WKM's Hasbrouck Project. The lease allows WKM to appropriate ground water in the amount of 1.522 cubic feet per second with an annual duty of 800 acre feet. The quantity of water leased by WKM is a portion of Liberty Moly's right to 6,200 acre feet annually and is sufficient for all of WKM's water needs at the Hasbrouck Project.

As initial compensation for the leased water rights, WKM has issue to Liberty Moly US\$100,000 worth of WKM common shares (1,454,778 common shares) at a price of \$0.09 per share calculated on the last



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closing price of one WKM common share on the TSX Venture Exchange (the "TSXV") on February 13, 2017, converted into U.S. dollars based on the noon buying rate reported by the Bank of Canada on February 14, 2017. On each anniversary date during the term of the Lease, WKM is to pay Liberty Moly either US\$10,000 in cash or the equivalent value in common shares calculated by dividing US\$10,000 by the last closing price of one WKM common share on the TSXV immediately preceding the anniversary date, converted into U.S. dollars based on the foreign exchange rate reported by the Bank of Canada on the applicable payment anniversary. Accordingly, 179,446 shares were issued to Liberty Moly on March 2, 2018 to settle the US\$10,000 owed on the first anniversary date.

The Three Hills Mine is the first phase of the Hasbrouck Project and is located within Basin 137a. Approval from Nevada's state engineer to change the point of diversion of the leased water right to Three Hills Mine has been obtained. The Hasbrouck Mine is the second phase of the project and is located in the adjacent Basin 142 and an inter-basin approval is required for water appropriated under the leased water right to be diverted to the Hasbrouck Mine. The application an inter-basin transfer will be made following the completion of a water inventory in progress.

### **Hasbrouck Project Resources**

No change to Mineral Resources or Reserves has occurred since the 2015 PFS. Resources reported below are as at November 3, 2014 and are inclusive of Reserves and are based on 100% of the project.

| <b>Hasbrouck Deposit Reported Mineral Resources* November 3, 2014,<br/>Mine Development Associates (0.006oz AuEq/ton Cutoff)</b> |             |                  |              |                  |              |
|--|-------------|------------------|--------------|------------------|--------------|
| <b>Class</b>   | <b>Tons</b> | <b>oz Au/ton</b> | <b>oz Au</b> | <b>oz Ag/ton</b> | <b>oz Ag</b> |
| Measured   | 8,261,000   | 0.017            | 143,000      | 0.357            | 2,949,000    |
| Indicated  | 45,924,000  | 0.013            | 595,000      | 0.243            | 11,147,000   |
| M+I  | 54,185,000  | 0.014            | 738,000      | 0.260            | 14,096,000   |
| Inferred   | 11,772,000  | 0.009            | 104,000      | 0.191            | 2,249,000    |
| Notes: oz AuEq/ton = oz Au/ton + (oz Ag/ton x 0.000417)  |             |                  |              |                  |              |

| <b>Three Hills Reported Mineral Resources* August 4, 2014,<br/>Mine Development Associates (0.005oz Au/ton Cutoff)</b> |             |                  |              |
|--|-------------|------------------|--------------|
| <b>Class</b>   | <b>Tons</b> | <b>oz Au/ton</b> | <b>oz Au</b> |
| Indicated  | 10,897,000  | 0.017            | 189,000      |
| Inferred   | 2,568,000   | 0.013            | 32,000       |

### **Notes:**

- CIM definitions are followed for classification of Mineral Resources.
- Mineral Resources are estimated using a gold price of US\$1,300 per oz and a silver price of US\$22 per oz.
- Totals may not represent the sum of the parts due to rounding.
- The Mineral Resources have been prepared by Paul Tietz, C.P.G of Mine Development Associates in conformity with CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with the Canadian Securities Administrators NI43-101. Mineral resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all Mineral Resource will be converted into Mineral Reserve.

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### Hasbrouck Project Reserves

The 2015 PFS, Mineral Resource Estimate and Reserves were prepared in conformance with NI 43-101 by MDA. Proven and Probable Reserves (based on 100% of the project) total 45.3 million tons containing 762,000 ounces gold and 10.6 million ounces silver as detailed below:

| Hasbrouck Project Reserves* June 3, 2015, Mine Development Associates <sup>(1, 2)</sup> |          |        |                       |         |           |         |
|---|----------|--------|-----------------------|---------|-----------|---------|
| Three Hills   |          | K tons | Grade<br>(oz Au/ ton) | K oz Au | oz Ag/ton | K oz Ag |
| 0.005 opt<br>Au cutoff  | Proven   | -      | -                     | -       | -         | -       |
|   | Probable | 9,653  | 0.018                 | 175     | -         | -       |
|   | P&P      | 9,653  | 0.018                 | 175     | -         | -       |
| <b>Hasbrouck</b>  |          |        |                       |         |           |         |
| Variable <sup>(3)</sup>   | Proven   | 6,242  | 0.020                 | 127     | 0.410     | 2,562   |
|   | Probable | 29,374 | 0.016                 | 461     | 0.273     | 8,007   |
|   | P&P      | 35,617 | 0.017                 | 588     | 0.297     | 10,569  |
| <b>Total Hasbrouck Project</b>  |          |        |                       |         |           |         |
| Variable <sup>(3)</sup>   | Proven   | 6,242  | 0.020                 | 127     | 0.410     | 2,562   |
|   | Probable | 39,028 | 0.016                 | 635     | 0.205     | 8,007   |
|   | P&P      | 45,270 | 0.017                 | 762     | 0.233     | 10,569  |

#### Notes:

1. The estimation and classification of Proven and Probable Reserves have been prepared by Thomas L. Dyer, P.E., of Mine Development Associates following CIM standards.
2. Reserves are estimated based on \$1,225/oz gold and \$17.50/oz silver.
3. Cutoff grades used for reserves are: Three Hills 0.005 oz Au/ton, Hasbrouck Upper Siebert 0.008 oz Au/ton, and Hasbrouck Lower Siebert 0.007 oz Au/ton.
4. It is MDA's opinion that the sampling, assaying, and security procedures used at Three Hills and Hasbrouck follow industry standard procedures, and are adequate for the estimation of the current Mineral Reserves.
5. MDA completed audits of the database, performed a site visit, reviewed QAQC data and confirmed historic assays. After performing their review, they consider the assay data to be adequate for the estimation of the current Mineral Reserves.
6. MDA has reviewed and verified the data disclosed in the above table to be in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines in accordance with NI 43-101.

### 3. Liquidity and Capital Resources

In March 2018, the Company closed a private placement for 22,900,000 common shares at a price of \$0.06 per share for aggregate gross proceeds of \$1,374,000.

In August 2017, the Company closed a non-brokered private placement of 19,300,000 shares at a price \$0.075 per share for gross proceeds of \$1,447,500.

The Company has no sources of operating income at present. The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain alternative financing, in which it has been successful in the past. In addition, if the Company is to begin construction on the Hasbrouck Project, it will be necessary to obtain additional financing. If the Company is

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2017

unable to obtain this additional financing, management may be required to curtail development at the Hasbrouck Project.

The Company has proactively taken steps to lower its overhead and staff costs to conserve working capital. The Company plans to increase its level of activity during 2018 to increase the Company visibility in the improving gold market and additional equity and/or debt financing will be required.

The financial statements are prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. If the Company was unable to continue as a going concern, there would be changes in the carrying amounts of assets and liabilities and the statement of financial position classifications used.

#### 4. Off Balance Sheet Arrangements

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet.

#### 5. Transactions with Related Parties

The Company paid remuneration for the following items with companies related by way of directors in common:

|   | 12 months<br>ended<br>December<br>31, 2017 | 12 months<br>ended<br>December<br>31, 2016 |
|---|--|--|
| General Administration                  | \$ 24,000                                  | \$ 24,000                                  |
| Accounting fees                         | 48,000                                     | 48,000                                     |
| Rent                                    | 25,200                                     | 25,200                                     |
| Directors Fees                          | 101,379                                    | 114,750                                    |
| <b>Total Related Party Transactions</b> | <b>\$ 198,579</b>                          | <b>\$ 211,950</b>                          |

For the year ended December 31, 2017 the Company accrued and paid \$24,000 (December 31, 2016 - \$24,000) for day-to-day administration, reception and secretarial services and \$48,000 (December 31, 2016 - \$48,000) for accounting services; and \$25,200 (December 31, 2016 - \$25,200) for rent to Platinum Group Metals Ltd., a company related by virtue of common directors and officers. Amounts payable at year end include an amount of \$12,201 to Platinum Group Metals (December 31, 2016 - \$28,638).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

#### Compensation of Key Management Personnel

|   | December 31,<br>2017 | December 31,<br>2016 |
|---|----------------------|----------------------|
| Salaries and management fees                          | \$ 273,000           | \$ 334,979           |
| Directors fees  | 101,379              | 114,750              |
| Share-based payments                                  | 193,445              | 186,572              |
| <b>Total compensation of key management personnel</b> | <b>\$ 567,824</b>    | <b>\$ 633,301</b>    |

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2017

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### 6. Proposed Transactions

As is typical of the mineral exploration and development industry, the Company periodically reviews potential merger, acquisition, investment, joint venture and other opportunities that could enhance shareholder value.

### 7. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Management has identified (i) mineral property acquisition and deferred exploration costs (ii) provision for environmental reclamation and closure costs, (iii) deferred tax provision (iv) share-based compensation and (v) recoverability of its interest in mineral properties as the main estimates for the following discussion. Please refer to Note 2 of the Company's 2017 audited annual consolidated financial statements for a description of the significant accounting policies and critical accounting estimates.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews the carrying value of its mineral properties for recoverability when events or changes in circumstances indicate that the properties may be impaired. If such a condition exists and the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the estimate of the amount of impairment and related fair value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Environmental reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the fair value of liabilities for reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

The deferred tax provision is based on the liability method. Future taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company does not recognize any deferred tax assets unless it is probable that the deferred tax amount will be realized in the foreseeable future.

### 8. Changes in Accounting Policies

The accounting policies applied in preparation of the consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2016. There were no changes to the Company's accounting policies during the twelve months ended December 31, 2017.

#### (i) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, is effective for fiscal years ending on or after January 1, 2018. The standard contains a single model that applies to contracts with customers. Revenue is recognized as control is passed to the customer, either at a point in

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## Management's Discussion and Analysis For the year ended December 31, 2017

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time or over time. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company does not expect this new standard to have a material impact on the Company's financial statements.

### (ii) IFRS 9, *Financial Instruments*

In July 2014, the IASB issued IFRS 9, *Financial Instruments*, which addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, *Financial Instruments: Recognition and Measurement*. Debt instruments will be measured with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. The new standard also addresses financial liabilities which largely carries forward existing requirements in IAS 39, with the exception of fair value changes to credit risk for liabilities designated at fair value through profit and loss which are generally to be recorded in other comprehensive income. In addition, the new standard introduces a new hedge accounting model more closely aligned with risk management activities undertaken by entities. The new standard is effective for annual periods beginning on or after January 1, 2018. The Company does not expect this new standard to have a material impact on the Company's financial statements.

### (iii) IFRS 16, *Leases*

The IASB has replaced IAS 17, *Leases* in its entirety with IFRS 16, *Leases* ("**IFRS 16**"), which will require lessees to recognize nearly all leases on the balance sheet to reflect their right to use an asset for a period of time and the associated liability to pay rentals. IFRS 16 is effective for annual periods commencing on or after January 1, 2019. The Company is in the process of evaluating the impact the standard is expected to have on our consolidated financial statements.

## 9. Financial Instruments and Other Instruments

The Company has designated its cash as loans and receivables, and it is measured at cost which approximates fair value. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Reclamation bonds are classified as held to maturity and are measured at amortized cost, adjusted for current exchange rates. Trades payable and other liabilities are classified as other financial liabilities and are recorded at amortized cost. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their capacity for prompt liquidation.

## 10. Risks and Uncertainties

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian regulatory filings prior to making an investment in the Company. For a discussion of risk factors applicable to the Company, see the section entitled "Risk Factors" in the Company's most recent annual information form filed with the Canadian provincial securities regulators.

Without limiting the foregoing, the most significant risks and uncertainties faced by the Company are: the inherent risk associated with mineral exploration and development activities; the uncertainty of mineral resources and their development into mineable reserves; uncertainty as to potential project delays from circumstances beyond the Company's control; as well as title risks; political risks; risks associated with fluctuations in foreign exchange rates; risks associated with fluctuations in metal prices; risks associated with the possible failure to obtain mining licenses and/or obtain the capital required for project and mine development.

## 11. Disclosure on Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary

# West Kirkland Mining Inc.

## Management's Discussion and Analysis For the year ended December 31, 2017

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to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's accounting policies.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### 12. Outstanding Share Data

The Company has an unlimited number of common shares authorized for issuance without par value. At December 31, 2017 there were 345,388,947 common shares outstanding, 13,800,000 incentive share options outstanding and 220,940,833 common share purchase warrants outstanding. At April 26, 2018, there were 368,468,393 common shares, 19,550,000 incentive share options and 220,940,833 share purchase warrants outstanding. During the period and subsequent to period end the Company made no changes to the exercise price of outstanding options through cancellation and reissuance or otherwise.

### 13. Outlook

The Company has been focusing its recent efforts and resources on the potential in the immediate area of the Hasbrouck Project to add resource and reserve ounces of gold and silver. At the same time work has been advancing the engineering and permitting, for the development and operation of the Hasbrouck Project. The Company plans to continue with the required permitting for the larger Hasbrouck pit.

The Option of a 100% working interest in the land of the Tonopah Divide Mining Company provides a district scale exploration opportunity adjacent to the Hasbrouck Project. The Company's near-term objectives are to add potential ounces of resources and reserves to its portfolio in the district. The main targets are within short potential trucking distances to the already designed heap leach pads in the Hasbrouck project. One of the factors that limits the early gold production on the permitted Three Hills part of the project is the modest pit size. A second pit could conceptually add early material to the same capital footprint. The impact of modest amounts of new reserves could be significant if the capital footprint is relatively unchanged.

Exploration results are showing 3,000 feet of gold mineralization at surface at the same grades as the Hasbrouck resources on the next hill. Extensive surface continuous sampling over 20,000 feet is underway to map out the controls and expand the areas of gold mineralization. The objective of the current program is to define clear targets for short surface drilling.

### Additional Information

Additional information relating to the Company can also be found on SEDAR.

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## Management's Discussion and Analysis For the year ended December 31, 2017

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### Approval

The Board of Directors of West Kirkland Mining Inc. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### List of Directors and Officers:

Directors: R. Michael Jones  
Frank Hallam  
Pierre Lebel  
Kevin Falcon

Officers: R. Michael Jones (President and Chief Executive Officer)  
Frank Hallam (Chief Financial Officer and Corporate Secretary)  
Sandy McVey (Chief Operating Officer)