Southern Arc
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED
MARCH 31, 2018 AND 2017

This Management's Discussion and Analysis ("MD&A"), prepared as of May 30, 2018, should be read in conjunction with the audited consolidated annual financial statements of Southern Arc Minerals Inc. ("Southern Arc" or the "Company") for the year ended June 30, 2017 and the unaudited condensed consolidated interim financial statements for the nine months ended March 31, 2018 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. Additional information related to the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.southernarcminerals.com.

Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements.

COMPANY OVERVIEW

Southern Arc, through its subsidiaries ("the Company"), is a Canadian company focused on enhancing shareholder value through strategic investments in mineral resource companies with a focus on gold and copper-gold. Southern Arc's management team identifies highly prospective assets in politically safe jurisdictions and seeks to unlock their value by providing strategic investments, proven technical skills, global knowledge, and increased access to industry relationships. Southern Arc was incorporated in British Columbia on August 19, 2004. The Company's current portfolio of investments and projects includes:

- An investment in Japan Gold Corp. (53.06%), a Canadian junior company exploring for gold in Japan;
- An investment in Tethyan Resources plc (25.20%), a junior exploration company listed on the TSX-V exploring for copper, gold and other base metals within the Tethyan mineral belt in Eastern Europe;
- An investment in PT Ancora Indonesia Resources, Tbk ("PT Ancora") (5.66%), an Indonesian company listed on the Indonesia Stock Exchange.
- An investment in Rise Gold Corp. (17.23%), an exploration company listed on the Canadian Securities Exchange, which owns the historic past producing Idaho-Maryland gold mine located in Nevada County, California, USA.

On September 15, 2016, the Company's wholly owned subsidiary, Southern Arc Minerals Japan KK ("SAMJ"), combined with Sky Ridge Resources ("Sky Ridge"), a publically listed entity ("the Acquisition"). Upon completion of the Acquisition and a concurrent $7 million financing, Sky Ridge consolidated its shares on a one-for-two basis and changed its name to Japan Gold Corp. ("Japan Gold"). In exchange for the Company's interest in SAMJ, Southern Arc received 23,750,000 post-consolidation common shares of Japan Gold, representing approximately 42.57% of the issued and outstanding shares of Japan Gold on an undiluted basis. The securities acquired by Southern Arc pursuant to the Acquisition are subject to an Escrow Agreement with 10% of the shares released from escrow on September 15, 2016 and 15% of the shares to be released at six month increments over the 36 months. Japan Gold is a mineral exploration company which focuses on the acquisition and exploration of resource properties in Japan. Prior to this transaction, Japan Gold had net assets of $975,498 comprised almost entirely of cash and short term investments.

On August 9, 2017, the Company completed an additional financing with Japan Gold Corp. where it acquired 12,500,000 units of Japan Gold at a price of $0.40 for total proceeds of $5,000,000. Each unit consists of one common share and one transferable common share purchase warrant of Japan Gold. Each warrant is exercisable into one additional common share of Japan Gold at a price of $0.40 per share for a period of 5 years. The units issued under the private placement will be subject to a four month hold period expiring on December 9, 2017. The Company currently owns 53.06% of Japan Gold's issued and outstanding common shares.

On November 21, 2016, the Company subscribed for 2,750,000 new ordinary shares in Tethyan Resources PLC ("Tethyan") at a price of $0.216 per share for $594,000. In addition to the subscription for new ordinary shares, the Company purchased 2,442,328 existing ordinary shares in Tethyan from Newmont Ventures Limited ("Newmont") for $0.216 per share for $527,543. On December 23, 2016, the Company completed an additional investment in Tethyan and subscribed for an additional 2,083,333 new ordinary shares at a price of $0.216 per share for $450,000. On March 24, 2017, the Company subscribed for an additional 1,107,407 new ordinary shares at a price of $0.455 for $504,114.

On November 14, 2017, the Company announced that it intends to make an additional investment of up to $950,000 in Tethyan. The Company intends to subscribe for up to 3.167 million additional new ordinary shares of Tethyan at a price of $0.30 per ordinary share on a post consolidated (1:6) basis (the "Placement"). The closing of the Placement is subject to a number of conditions including Tethyan completing the share consolidation on the basis of 1 new ordinary share for 6 existing ordinary share and TSX Venture Exchange approval of the private placement of Tethyan. The Company has advanced $400,000 to Tethyan as at December 31, 2017.

The Company currently holds 8,383,068 ordinary shares representing 29.89% of Tethyan's issued and outstanding ordinary shares. The Company has a first right of refusal on any further fundraisings undertaken by Tethyan for a period of two years to enable the Company to maintain its interest at 29.89% of Tethyan's issued share capital.

On December 12, 2017, the Company completed the sale of the West Lombok Property (the "Property") to PT Ancora Indonesia Resources, Tbk ("PT Ancora"), in consideration for a cash payment of US$2,000,000 and a granting of a 3% Net Smelter Return royalty. Under the terms of the agreement, PT Ancora has the right to buy back the NSR from the Company at any time by paying an additional US$2,000,000. The Company has used the cash proceeds from the sale to acquire 100 million shares of PT Ancora (5.66% of PT Ancora's issued and outstanding) from third parties in a private transaction.

On April 19, 2018, Southern Arc announced that it has participated in the non-brokered private placement of Rise Gold Corp. ("Rise Gold"), a company listed on the Canadian Securities Exchange. The Company purchased 20,000,000 units of Rise Gold at a price of $0.10 per unit for the aggregate amount of $2,000,000. Each unit consists of one share of common stock and one share purchase warrant. Each Warrant is exercisable into one share of common stock at a price of $0.15 per share for a period of 36 months from the date of issuance. As a result of its purchase of units, the Company now owns approximately 17.23% of Rise Gold's post-closing issued and outstanding shares of common stock.

Supplemental information

For the purpose of providing additional information, below is a summary of the Company's investments in Japan Gold and Tethyan at quoted market prices at May 30, 2018:

	Number of securities	Fair market value
Japan Gold common shares	36,250,000	$ 6,887,500
Tethyan common shares	8,383,068	1,592,783
PT Ancora common shares	100,000,000	2,726,000
Rise Gold common shares	20,000,000	2,400,000
Balance, May 30, 2018		**$ 13,606,283**

For the purpose of providing additional information regarding the net assets and working capital available to Southern Arc, below is a summary of the standalone net assets of Southern Arc Minerals Inc. ("Southern Arc") as at March 31, 2018 and May 30, 2018. For purposes of this supplementary information, the Company has provided its investment in Japan Gold and associate at quoted market prices.

	Southern Arc	
	March 31, 2018	**May 30, 2018**
Cash	$ 2,653,587	$ 504,589
Loan and other receivables	438,057	457,506
Prepaid expense and other deposits	29,576	35,361
Investment in Tethyan Resources Plc. (Note 5)	2,514,920	1,592,783
Investment in Japan Gold Corp.	7,975,000	6,887,500
Investment in PT Ancora.	3,252,400	2,726,000
Investment in Rise Gold	-	2,400,000
Total assets	**$ 16,863,540**	**$ 14,603,739**
Total liabilities	**$ (43,981)**	**$ (65,230)**
Net assets	**$ 16,819,559**	**$ 14,538,509**

Investment in Osisko

As at March 31, 2018, the Company had sold all of its remaining investment in common shares and warrants of Osisko Mining Inc.

	Number of securities	Fair market value
Osisko common shares	-	$ -
Osisko tradeable warrants	-	-
Osisko non-tradeable warrants	-	-
Balance, March 31, 2018		**$ -**

	Number of securities	Fair market value
Osisko common shares	9,825	$ 40,283
Osisko tradeable warrants	60,000	4,200
Osisko non-tradeable warrants	800,000	269,859
Balance, June 30, 2017		**$ 314,342**

Overall, the Company's investment in Osisko resulted in the following:

	Fair market value
Proceeds from sale of shares and warrants, net of commissions	$ 18,582,053
Original cost of investment	(8,850,366)
Cash used to exercise warrants and acquire shares	(4,922,700)
Net cash received from Osisko investment	**$ 4,808,987**

The Company is listed on the TSX Venture Exchange under the symbol "SA". To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The Company conducts its activities through wholly-owned subsidiaries, limited liability companies, partnerships and joint ventures.

FINANCIAL SNAPSHOT

	March 31, 2018	June 30, 2017	June 30, 2016
Total assets	**$ 14,124,676**	$ 14,717,787	$ 7,828,413
Exploration properties	**3,479,354**	103,263	-
Working capital	**8,311,290**	12,192,363	134,798
Net income (loss)	**(3,077,131)**	(791,240)	(702,220)
Net income (loss) attributable to the Company	**(1,544,403)**	2,368,093	(594,025)
Basic income (loss) per share	**$ (0.10)**	$ 0.16	$ (0.05)
Diluted income (loss) per share	**$ (0.10)**	$ 0.12	$ (0.05)

At the date of this MD&A, the Company had approximately $3.64 million in working capital, of which $2.29 million relates directly to Southern Arc.

RECENT EVENTS

On April 19, 2018, Southern Arc announced that it has participated in the non-brokered private placement of Rise Gold Corp. ("Rise Gold"), a company listed on the Canadian Securities Exchange. The Company purchased 20,000,000 units of Rise Gold at a price of $0.10 per unit for the aggregate amount of $2,000,000. Each unit consists of one share of common stock and one share purchase warrant. Each Warrant is exercisable into one share of common stock at a price of $0.15 per share for a period of 36 months from the date of issuance. As a result of its purchase of units, the Company now owns approximately 17.23% of Rise Gold's post-closing issued and outstanding shares of common stock.

On December 12, 2017, the Company completed the sale of the West Lombok Property (the "Property") to PT Ancora Indonesia Resources, Tbk ("PT Ancora"), in consideration for a cash payment of US$2,000,000 and a granting of a 3% Net Smelter Return royalty. Under the terms of the agreement, PT Ancora has the right to buy back the NSR from the Company at any time by paying an additional US$2,000,000. The Company has used the cash proceeds from the sale to acquire 100 million shares of PT Ancora (5.66% of PT Ancora's issued and outstanding) from third parties in a private transaction.

PT Ancora, an Indonesian company listed on the Indonesia Stock Exchange (OKAS: IJ), acquired all of the issued and outstanding shares of the Company's Singaporean subsidiary Indotan Lombok Pte Ltd ("IL"). IL owns 90% of PT Indotan Lombok Barat Bangkit, an Indonesian company, which holds the IUP.

On November 14, 2017, the Company announced that it intends to make an additional investment of up to $950,000 in Tethyan. The Company intends to subscribe for up to 3.167 million additional new ordinary shares of Tethyan at a price of $0.30 per ordinary share on a post consolidated (1:6) basis (the "Placement"). The closing of the Placement is subject to a number of conditions including Tethyan completing the share consolidation on the basis of 1 new ordinary share for 6 existing ordinary share and TSX Venture Exchange approval of the private placement of Tethyan. As at the date of this MD&A, the Company has advanced $400,000 to Tethyan.

On August 9, 2017, the Company completed a financing with Japan Gold Corp. where it acquired 12,500,000 units of Japan Gold at a price of $0.40 for total proceeds of $5,000,000. Each unit consists of one common share and one transferable common share purchase warrant of Japan Gold. Each warrant is exercisable into one additional common share of Japan Gold at a price of $0.40 per share for a period of 5 years. The units issued under the private placement will be subject to a four month hold period expiring on December 9, 2017. The Company currently owns 53.06% of Japan Gold's issued and outstanding common shares.

On April 19, 2017, the Company announced that the TSX Venture Exchange ("TSX-V") has accepted the Company's notice of intention to make a normal course issuer bid ("NCIB").

Under the terms of the NCIB, the Company may acquire up to an aggregate of 761,280 common shares, representing 5% of current issued and outstanding common shares of the Company. As of April 4, 2017, the Company had 15,225,616 common shares outstanding, of which 10,058,663 common shares represent the public float of the Company. Under TSXV policies, the Company is entitled to purchase up to 2% of the total issued and outstanding common shares in any 30 day period up to the maximum of 761,280 common shares over the 12 month period that the NCIB is in place. The purchases commenced on April 24, 2017 and will end on April 23, 2018, or on such earlier date as the Company may complete its purchases pursuant to the notice of intention to make an NCIB filed with the TSXV. To date, the Company has purchased 642,500 common shares for a total of $442,871 at an average price of $0.689 per common share.

On November 21, 2016, the Company subscribed for 2,750,000 new ordinary shares in Tethyan Resources PLC ("Tethyan") at a price of $0.216 per share for $594,000. In addition to the subscription for new ordinary shares, the Company purchased 2,442,328 existing ordinary shares in Tethyan from Newmont Ventures Limited ("Newmont") for $0.216 per share for $527,543. On December 23, 2016, the Company completed an additional investment in Tethyan and subscribed for an additional 2,083,333 new ordinary shares at a price of $0.216 per share for $450,000. On March 24, 2017, the Company subscribed for an additional 1,107,407 new ordinary shares at a price of $0.455 for $504,114. The Company currently holds 8,383,068 ordinary shares representing 29.9% of Tethyan's issued and outstanding ordinary shares. The Company has a first right of refusal on any further fundraisings undertaken by Tethyan for a period of two years to enable the Company to maintain its interest at 29.9% of Tethyan's issued share capital.

On September 15, 2016, Southern Arc combined its subsidiary, SAMJ, with Sky Ridge. Upon completion of the Acquisition and associated $7 million financing, Sky Ridge consolidated its shares on a one-for-two basis and changed its name to Japan Gold. In exchange for its interest in SAMJ, Southern Arc received 23,750,000 post-consolidation common shares of Japan Gold, representing approximately 42.9% of the issued and outstanding shares of Japan Gold on an undiluted basis. The securities acquired by Southern Arc pursuant to the Acquisition are subject to an Escrow Agreement with 10% of the shares released from escrow on September 15, 2016 and 15% of the shares to be released at each of six month increments over the next 36 months.

On May 12, 2016, the Company entered into a sale and purchase agreement to sell its share of the East Elang property to an Indonesian individual in exchange for US$20,000 and a 3% net smelter returns royalty on all future sales or other disposition of all minerals production from the property. The Company recognized a loss from the sale of these shares of $6,371.

On February 4, 2016, Southern Arc announced that Vale International S.A. would not be proceeding with a potential joint venture at the East Elang property, as contemplated by the option and joint venture agreement signed by the parties on October 3, 2010. As a result, the Company wrote off the remaining $102,068 costs previously capitalized to the project. Vale had funded all exploration and community engagement efforts at the property.

On January 26, 2016, Southern Arc closed a private placement whereby the Company sold 4,166,667 units (the "Units") at a price of $0.24 per Unit, for gross proceeds to the Company of $1,000,000. Each Unit consists of one common share and one non-transferable share purchase warrant (the "Warrants"). Each Warrant entitles the holder to purchase one common share of the Company for a period of five years at an exercise price of $0.32. No finder fees were paid in connection with the financing. The proceeds of the private placement were used for general working capital.

PROPERTY REVIEW AND OUTLOOK

Japan – Japan Gold Corp.

Further to its diversification strategy announced in December 2012, Southern Arc seeks to identify and invest in undervalued mineral exploration opportunities in politically safe jurisdictions. Japan is one of the most stable and corruption-free jurisdictions in the world and is regarded by Southern Arc's management as highly prospective yet largely underexplored, despite a history of significant gold production and known mineral occurrences

When the Japan Mining Act was amended in 2012 for the first time allowing foreign mineral companies the ability to hold exploration and mining permits, the Company's wholly owned subsidiary, Southern Arc Minerals Japan KK ("SAMJ"), began reviewing Japan's extensive geoscientific database and historical gold production data to pinpoint areas with good exploration potential.

By September 2016, the Company had applied for 38 prospecting rights in northern Hokkaido targeting high-grade epithermal gold deposits and another 42 prospecting rights throughout Hokkaido and northern Honshu targeting areas of gold-bearing advanced argillic alteration lithocaps, which could indicate the presence of a porphyry mineral environment. These initial prospecting rights applications totaled 27,153 hectares over the eight separate projects.

On September 15, 2016, Southern Arc sold its interest in SAMJ to Japan Gold (formerly Sky Ridge) in exchange for 23,750,000 common shares of Japan Gold, representing approximately 42.9% of the issued and outstanding shares of Japan Gold on an undiluted basis at the time of the transaction. The Company now holds 53.06% of the issued and outstanding shares of Japan Gold.

Since September 2016, Japan Gold has expanded its project portfolio which now comprises 32 Prospecting Rights and 178 prospecting rights applications accepted for a combined area of 69,505 hectares over 17 separate projects. Thirteen of the projects, in Hokkaido and Kyushu, cover areas with known gold occurrences and a history of mining, and are prospective for high-grade epithermal gold mineralization. Four of the projects, in southern Hokkaido and northern Honshu, cover areas of known gold occurrences and gold-bearing lithocaps, which could indicate the presence of porphyry mineralization.

Having prospecting rights applications accepted by the Ministry of Economy, Trade and Industry (METI), reserves the land for Japan Gold and allows for active surface exploration programs such as mapping, surface sampling and geophysics. Granting of Prospecting Rights by the METI allows for more advanced forms of exploration, such as drilling. To date, 23 Prospecting Rights have been granted at the Ikutahara Project and 9 Prospecting Rights have been granted at the Eboshi Project.

On February 5, 2018, Japan Gold reported results from its first scout drilling program completed in late December 2017 on the Akebono prospect at its Ikutahara Project in Hokkaido, Northern Japan. These results support the presence of high grade gold shoots in the Akebono vein system previously indicated by historic sampling of underground workings.

On March 1, 2018, Japan Gold announced its corporate strategy in 2018. The strategy has two parts. Firstly, to undertake a series of work programs at several projects throughout Japan. Japan Gold has generated compelling drill targets, focusing on high grade epithermal veins in and around historic mines and workings, and will seek to rapidly progress these targets to the permitting phase so that they can be drill tested in 2018. Secondly, the Company is actively seeking joint venture partners to accelerate exploration on its significant Japan portfolio and is currently updating its website to give details on each of its projects.

More details, including project details and exploration progress, can be found on the company's website at www.japangold.com

Serbia - Tethyan Resources PLC Investment

The Company holds a total of 8,383,068 common shares of Tethyan, which represents 25.20% of Tethyan's issued share capital, at an average price of $0.24 per share for a total investment in associate of $2,075,657. Tethyan is a junior exploration company listed on the TSX-V, with a focus on exploring for copper, gold and other base metals within the Western Tethyan Orogenic Belt in the European Balkan Region. Tethyan holds rights with respect to licenses in Serbia and is looking for other copper and gold projects in Eastern Europe. Tethyan has two active exploration projects in Serbia, the "Suva Ruda" project (a copper and gold porphyry target) and "Gokcanica" project (an epithermal and porphyry gold system). Tethyan currently has an option to purchase 100% of the Suva Ruda project from a Serbian private company Deep Research d.o.o at any time during an 8 year period for a €6,000,000 cash payment provided that Tethyan achieves certain exploration and payment milestones. In May 2016, Tethyan executed an option agreement with Rockstone Group LLC pursuant to which Tethyan can earn up to an 80% interest in the Gokcanica project licenses in Southern Serbia.

On December 14, 2016, Tethyan completed its 4 diamond drill hole program (total 2,318 metres) at the Rudnitza copper-gold porphyry project located within the Suva Ruda exploration permit. Tethyan has received assay results for all four drill holes which demonstrated good grade distribution and high-grade mineralization.

On September 14, 2017, Tethyan announced results of the drilling program completed in July 2017 at the Rudnitza copper-gold porphyry prospect within the Suva Ruda exploration permit in Serbia. This drill program consisted of 4 diamond drill holes for a total of 2,127.6 metres.

On January 17, 2018, Tethyan announced results from soil sampling and mapping at the Kremice exploration target located in the northern part of the Suva Ruda license in Southern Serbia, which indicate potential for gold-copper porphyry mineralisation over a large area. Details can be found in the Company's news release dated January 17, 2018.

On March 20, 2018, Tethyan announced that it has entered into a definitive share purchase agreement with Balkan Minerals Limited and Dr. Radomir Vukcevic to acquire all of the issued and outstanding shares of Balkan's wholly-owned Serbian subsidiary Taor D.O.O. Taor holds two exploration licenses totalling approximately 100 square kilometres situated adjacent to Tethyan's optioned Suva Ruda license. Upon completion of the Transaction, the Company will own or hold an option over exploration licenses totalling approximately 350 square kilometres in the historic Raška lead and zinc mining district in Southern Serbia.

Pending closing of the Transaction, Tethyan will commence an initial drill program within the Kremice license in order to test for extensions to the Kizevak lead-zinc-silver mine and verify historical drill and adit sampling results. Tethyan is currently underway with a detailed review of the historical data available for the wider district in order to prioritize the various other targets and inform the exploration work program for 2018.

More details, including project details and exploration progress, can be found on the company's website at www.tethyan-resources.com

California - Rise Gold Corp.

On April 19, 2018, Southern Arc announced that it has participated in the non-brokered private placement of Rise Gold Corp. ("Rise Gold"), a company listed on the Canadian Securities Exchange. The Company purchased 20,000,000 units of Rise Gold at a price of $0.10 per unit for the aggregate amount of $2,000,000 which is approximately 17.23% of Rise Gold's issued and outstanding shares of common stock.

Rise Gold is an exploration-stage mining company with its principal asset being the Idaho-Maryland Gold Mine located near Grass Valley, California USA. The Idaho-Maryland Gold Mine is a major past producing high grade gold mine with total past production of 2,414,000 oz of gold at an average mill head grade of 17 gpt gold from 1866-1955. It was producing up to 129,000 oz gold per year before being forced to shut down in 1942 by the U.S. government in WWII. Details of historic production disclosure in Rise press release dated April 4th 2017 and available at www.sedar.com

Rise Gold owns 175 acres of industrial zoned fee-simple land in Nevada County, California along with 2,800 acres of private mineral rights which encompasses the Idaho-Maryland Gold Project.

On April 25, 2018, Rise Gold announced that exploration drilling has resumed at its Idaho-Maryland Gold Project. More details, including project details and exploration completed to date, can be found on the company's website at www.risegoldcorp.com

Indonesia

West Lombok Property (Lombok Island)

The West Lombok project covers a 13-km long by 7-km wide structural corridor of mineralization and alteration hosting porphyry copper-gold and epithermal gold deposits. Southern Arc has completed 26,477 metres of drilling to date on epithermal gold mineralization in the Pelangan and Mencanggah prospects, confirming broad zones of low-grade mineralization throughout the property, high-grade events typical of epithermal boiling zones and several high-grade shoots. At the Selodong porphyry copper-gold intrusive complex in the southeastern end of the property, Southern Arc had completed 20,046 metres of drilling to date with the majority of drill holes intersecting broad zones of significant copper-gold mineralization. In 2011, the Company completed an airborne geophysical survey of the West Lombok project at 50-metre spacings to define both near-surface and buried copper-gold porphyry targets.

On December 12, 2017, the Company completed the sale of the West Lombok Property (the "Property") to PT Ancora Indonesia Resources, Tbk ("PT Ancora"), in consideration for a cash payment of US$2,000,000 and a granting of a 3% Net Smelter Return royalty. Under the terms of the agreement, PT Ancora has the right to buy back the NSR from the Company at any time by paying an additional US$2 million. The Company has used the cash proceeds from the sale to acquire 100 million shares of PT Ancora (5.66% of PT Ancora's issued and outstanding) from third parties in a private transaction.

PT Ancora, an Indonesian company listed on the Indonesia Stock Exchange (OKAS:IJ), acquired all of the issued and outstanding shares of the Company's Singaporean subsidiary Indotan Lombok Pte Ltd ("IL"). IL owns 90% of PT Indotan Lombok Barat Bangkit, an Indonesian company, which holds the IUP.

East Elang Property (Sumbawa Island)

The East Elang project covers 9,670 hectares immediately to the east of Newmont's Elang property, which hosts a large copper-gold porphyry deposit. In October 2010, the Company entered into an option and joint venture agreement with Vale to advance the East Elang project pursuant to which Vale could earn a 75% interest in PT. Selatan Arc Minerals by funding exploration through to completion of a bankable feasibility study within an agreed-upon time frame. On February 4, 2016, Southern Arc announced that Vale would not be proceeding with the potential joint venture. As a result, the Company wrote off the remaining $102,068 costs previously capitalized to the project.

On May 12, 2016, the Company entered into a sale and purchase agreement to sell its share of the East Elang property to an Indonesian individual in exchange for US$20,000 and a 3% net smelter returns royalty on all future sales or other disposition of all minerals production from the property.

Taliwang Property (Sumbawa Island)

In December 2012, following a strategic review of the Company's projects and exploration strategy, the Company decided to sell its 90% interest in the Taliwang project. On July 15, 2014, the Company amended the sale agreement and closed the sale of its interest in the Taliwang project. Pursuant to the terms of the final agreement, the Company sold its 90% share of the Indonesian company that owns the Taliwang project to the purchaser. The purchaser paid US$1,000,000 and granted a 5% net smelter royalty ("NSR") to Southern Arc. The purchaser has the option to buy back 3% of the NSR by paying the Company US$3,000,000. The purchaser is required to make additional payments to the Company to fulfill the agreed purchase price of

US$1.75 million. The purchaser will pay the Company 40% of gross revenue generated from the Taliwang project, after payment of the Southern Arc NSR, until the aggregate amount of such payments equals US$750,000.

Since July 2014, the purchaser has completed and received Government approval for an environmental impact study and feasibility study for the development of small-scale gold mining and processing, and converted the exploration IUP into an exploitation IUP, thereby securing property tenure for a further 20 years with the option to extend. Local miners have been organized into a cooperative to mine and supply ore to the first of potentially several 50 tonne-per-day CIL processing plants, and in early December 2014 the purchaser produced a small amount of gold at Taliwang. Testing and commissioning continues at the processing plant.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Total assets	$ 14,124,676	$ 15,663,042	$ 14,216,538	$ 14,717,787
Exploration properties	3,479,354	2,163,804	755,670	103,263
Working capital	8,311,290	7,240,033	8,802,477	12,192,363
Net income (loss)	(1,137,515)	(537,264)	(1,402,351)	(290,332)
Net income (loss) attributable to the Company	(433,704)	(214,972)	(895,726)	382,148
Basic income (loss) per share	(0.03)	(0.01)	(0.06)	0.03
Diluted income (loss) per share	(0.03)	(0.01)	(0.06)	0.02

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Total assets	$ 17,063,255	$ 12,797,665	$ 16,976,654	$ 7,828,413
Exploration properties	-	-	-	-
Working capital	9,112,101	5,340,106	6,655,225	134,798
Net income (loss)	4,120,479	(1,916,599)	(2,704,788)	1,233,263
Net income (loss) attributable to the Company	4,318,501	(1,230,491)	(1,102,065)	1,307,676
Basic income (loss) per share	0.27	(0.13)	(0.18)	0.08
Diluted income (loss) per share	0.21	(0.13)	(0.18)	0.08

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2018

During the three-month period ended March 31, 2018, the Company had a net loss of $1,137,515 compared to a net income of $4,120,479 for the three-month period ended March 31, 2017. Significant fluctuations occurred in the following categories:

a) The Company did not hold any investments in Osisko during the quarter and as a result, did not record any gain on sale of Osisko shares or change in fair value of investments in Osisko warrants (March 31, 2017: gain of $3,784,497 and unrealized gain of $1,067,843 respectively).

b) During the quarter, the Company recorded its share of the loss in its investment in Tethyan of $226,128 (March 31, 2017: $Nil).

c) During the quarter, the Company recorded an income tax expense of $41,269 (March 31, 2017: $79,024) resulting from temporary differences arising from fair value adjustment on available-for-sale investments.

d) Share-based compensation was $Nil (March 31, 2017: ($486,489)) during the three-month period ended March 31, 2018 as there were no options granted during the quarter.

e) Consulting fees in the current quarter were $259,432 compared to $439,340 in the same period in the previous quarter. This was higher due to increased activities related to the field work programs of Japan Gold during the three months ended March 31, 2018.

f) Investor relations and travel expense of $158125and $58,713 respectively (March 31, 2017: $77,010 and $185,169 respectively) decreased as there were fewer costs associated with materials and marketing for Japan Gold Corp during the current quarter.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2018

During the nine-month period ended March 31, 2018, the Company had a net loss of $3,077,131 compared to a loss of $500,908 for the nine-month period ended March 31, 2017. Significant fluctuations occurred in the following categories:

a) During the period, the Company recorded a gain of $434,592 relating to the sale of its subsidiaries which held the West Lombok property.

b) During the period, the Company recorded a gain of $403,397 relating to the sale of its investment in Osisko shares (March 31, 2017: gain of $4,699,253). The Company also recorded a change in fair value of investment Osisko warrants of $269,356 (March 31, 2017: 327,559).

c) During the period, the Company recorded its share of the loss in its investment in Tethyan of $541,379 (March 31, 2017: $Nil).

d) Share-based compensation was $Nil (March 31, 2017: $1,656,932) during the nine-month period ended March 31, 2018 as there were no options granted during the quarter.

e) Consulting fees in the current period were $1,081,568 compared to $1,018,477 in the same period in the previous year. This amount relates to consultants from Japan Gold as the subsidiary saw an increase in activities related to the field work programs incurred in Japan during the period.

f) Professional fees in the current period were $146,895 compared to $270,442 in the same period last year. This decrease is due to less transactions this year.

g) Exploration expenses increased to $240,885 due to the increase in exploration activities in Japan Gold compared to $164,224 in the previous period.

h) Investor relations and travel expense of $250,782 and $281,701 respectively, related to expenditures from the Company's subsidiary, Japan Gold, for materials and marketing campaign for Japan Gold.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at March 31, 2018 was $3,295,061 compared to $11,763,403 from June 30, 2017. This decrease was mainly due to the $5,000,000 private placement into Japan Gold by the Company during the six month period, which is reflected in the short-term investments of $1,750,000 as at March 31, 2018. As at March 31, 2018, the Company's working capital was $8,311,290 compared to a working capital of $6,655,255 at June 30, 2017. Out of this amount, $1,982,652 of working capital related to Japan Gold as at March 31, 2018.

Net cash used in operating activities for the period ended March 31, 2018 was $2,623,744 compared to net cash used of $3,180,032 during the period ended March 31, 2017.

Net cash from investing activities during the period ended March 31, 2018 included net cash proceeds received on sale of investments of $3,647,400 (March 31, 2017 - $7,191,252), $408,700 in loan receivable to Tethyan, net cash used to acquire investments of $5,749,073 (March 31, 2017: $Nil), net cash used to purchase short term investment of $4,550,000 March 31, 2017: $Nil), net cash received from redemption of short-term investment of $3,350,000 (March 31, 2017: $5,580,000), cash received from sale of IL of $2,549,073, cash used in acquisition of property, plant and equipment of $660,969 March 31, 2017: $43,032), and cash used in exploration and evaluation expenses of $3,376,091(March 31, 2017: $Nil).

Financing activities during the period ended March 31, 2018 consist of $405,352 of cash used to buy back the Company's shares.

The accompanying condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company does not currently generate any revenues or have operations which generate cash flows. Accordingly, the Company relies on financing received from the issuances of common shares or loans and borrowings to finance its exploration activities and general and administrative costs. Based on current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its planned activities for the twelve months from the date of this MD&A. As a result, the Company will require cash injections by way of selling its investments or obtaining additional financing in order to fund planned exploration activities and required general and administrative expenses. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue business.

RELATED PARTY TRANSACTIONS

Key management and personnel compensation

Key management personnel include the directors and officers of the Company. Key management compensation consists of the following:

	Three months ended March 31, 2018	Three months ended March 31, 2017	**Nine months ended March 31, 2018**	Nine months ended March 31, 2017
Management fees	$ 450,000	$ 153,000	$ 756,000	$ 421,000
Share-based compensation	-	63,102	-	1,502,569

During the period ended March 31, 2018, the Company and Japan Gold paid $756,000 (March 31, 2017: $421,000) in management fees to J. Proust & Associates Inc., a private company controlled by John Proust, the Chief Executive Officer and Chairman of the Company. Out of this amount, $378,000 relates to management fees incurred by Japan Gold. Management fees include administrative, finance, accounting, investor relations and consulting services.

The above transactions occurred in the normal course of operations and are recorded at the consideration established and agreed to by the related parties.

CURRENT SHARE DATA

As at the date of this MD&A, the Company had 14,519,616 common shares issued, of which 14,389,616 are outstanding and 130,000 are treasury shares.

On November 27, 2015, the Company granted 959,000 stock options to directors, officers, employees and consultants with an exercise price of $0.32 with an expiry period of five years. These options vested 25% immediately, with the remainder to vest 25% every six months thereafter. During the period ended March 31, 2018, the Company recorded share-based compensation of $Nil as these options are fully vested in the previous year.

As at May 30, 2018, the Company had share options outstanding as follows:

	Number of Options	**Exercise Price**	**Expiry Date**
Options	889,000	$ 0.32	November 26, 2020
	889,000		

As at the date of this MD&A, the Company had 4,066,667 share purchase warrants outstanding exercisable at $0.32 until January 26, 2021.

COMMITMENTS

During the previous year ended June 30, 2017, the Company entered into a lease agreement for office space in Vancouver for the next two years, which will give rise to an annual expense of approximately $206,000.

SUBSEQUENT EVENTS

On April 19, 2018, the Company announced that it has participated in a non-brokered private placement of Rise Gold Corp. ("Rise Gold"), a company listed on the Canadian Securities Exchange. The Company purchased 20,000,000 units of Rise Gold at a price of $0.10 per unit for $2,000,000. As a result of its purchase or units, the Company now owns approximately 17.23% of Rise Gold's issued and outstanding shares of common stock. Each unit consists of one share of common stock and one share purchase warrant. Each warrant is exercisable into one share at a price of $0.15 per share for a period of 36 months from the date of issuance. All securities issued as part of the Rise Gold private placement are subject to statutory hold periods in accordance with applicable United States and Canadian securities laws.

RISKS AND UNCERTAINTIES

The nature of the Company's operations exposes the Company to credit risk, liquidity risk, market risk and geopolitical risk, which may have a material effect on cash flows, operations and comprehensive income.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company reduces its credit risk by maintaining its bank accounts at large financial institutions. Accounts receivable consists of amounts receivable from the Canadian federal government for the refundable GST amounts. The Company assess the collectability and fair value of this receivable at each reporting period.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See also Note 1 in the accompanying financial statements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on the Company's cash is minimal.

Foreign exchange risk

The Company currently operates in Japan and Indonesia. The Company could accordingly be at risk for foreign currency fluctuations.

At March 31, 2018, the Company had ¥47,896,097 (approximately CDN$580,501) in cash, and ¥34,956,477 (approximately CDN$423,672) in accounts payable and accrued liabilities. As at March 31, 2018, Yen amounts were converted at a rate of ¥0.01212 to CDN$1. A 10% fluctuation in foreign exchange would result in a net change of approximately CDN$15,683.

Geopolitical risk

The Company has properties in Indonesia and the Company has a 53.06% interest in Japan Gold, which has prospecting rights license applications and Prospecting Rights in Japan. In addition, the Company holds a 29.89% interest in Tethyan Resources which has projects in Serbia. As such, the Company is subject to political, economic and other uncertainties, including, but not limited to, changes in policies and regulations or the personnel administering them, changes with regard to foreign ownership of property rights, exchange controls and royalty and tax increases, and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are to be conducted, as well as risks of loss due to civil strife, acts of war and insurrections. If a dispute arises regarding the Company's property interests, the Company cannot rely on western legal standards in defending or advancing its interests.

Industry

The Company is engaged in the acquisition and exploration of and investment in resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically mineable deposits. The focus of the Company is on areas in which the geological setting is well understood by management.

Gold and metal prices

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, the relative exchange rate of the US$ with other major currencies, demand, political and economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

Trends

Continued strength in the US dollar, decreasing oil prices and the stable gold price increases demand, especially from Asia, and perception of increased risk in major financial markets has supported a discernible need for the development of commodity exploration projects. Junior companies, like Southern Arc, are key participants in identifying properties of merit to explore and develop.

CRITICAL ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements as at June 30, 2017 and 2016. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Significant accounting judgment and estimates

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited, to the following:

i) The calculation of share-based compensation requires estimates of volatility, forfeiture rates and market prices related to the issuance of share options. These estimates impact share-based compensation expense and share-based payment reserve.

ii) The determination of fair value of investments in warrants, which are derivative instruments, requires assumptions with respect to volatility, expected life and discount rates. Changes in these assumptions impact mark to market gains and losses recognized in profit or loss.

Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments.

i) The Company's assessment of its ability to continue as a going concern requires judgements about whether sufficient financing will be obtained in the near term. See Note 1.

ii) The Company's assessment that it has control of Japan Gold Corp. (note 3) even though it owned less than 50% of ownership interest in an entity requires significant judgement and consideration 'de-facto' control as at the date of acquisition. De-facto control exists when the size of the Company's own voting rights relative to the size and dispersion of other vote holders give the Company the ability to direct the relevant activities of the entity. The Company now holds 53.06% of the voting common shares of Japan Gold Corp. and holds a majority of the board seats on Japan Gold Corp. The Company has determined that it has de-facto control over Japan Gold Corp. as it has the practical ability to direct the relevant activities of Japan Gold Corp., and has consolidated the entity as a subsidiary with a 46.94% non-controlling interest. Should de-facto control be lost in the future, the Company would be required to de-consolidate its interest and Japan Gold Corp.

iii) The determination of a subsidiary's functional currency often requires significant judgement where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

Financial instruments

On initial recognition, all financial assets and financial liabilities, including derivatives, are recorded at fair value. All transactions related to financial instruments are recorded on a trade date basis. The directly attributable transaction costs of financial assets and liabilities are included in the carrying value of financial assets and liabilities except transaction costs related to financial assets and liabilities classified as fair value through profit or loss which are expensed in the period they are incurred. Subsequently, derivatives are measured at fair value and changes in fair value are recognized in profit of loss.

For other financial assets and liabilities, subsequent measurement is as follows:

Subsequent measurement

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. Other than the warrants of Osisko, the Company does not have any assets classified as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Cash and receivables are classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company has not classified any financial assets as held-to-maturity.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss. The Company has classified the Company's investment in common shares of Osisko and short term investments as available-for-sale.

All financial assets except for those recognized at fair value through profit or loss are subject to review for impairment at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company does not have any financial liabilities that are classified as fair value through profit or loss.

Other financial liabilities - This category includes accounts payable and accrued liabilities and due to related parties which are initially recognized at fair value and subsequently are recognized at amortized cost at the settlement date using the effective interest method of amortization.

Fair value

International Financial Reporting Standards ("IFRS") require disclosure about fair market value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

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 Osisko common shares and tradeable warrants and short term investments are recognized at fair value using the quoted market price of these instruments. Accordingly, these are classified as level 1. The Osisko non-tradeable warrants are considered derivatives and are recognized at fair value using level 2 inputs.

The carrying value of cash, receivable, accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

New accounting standards and pronouncements

- IFRS 9 (2014) - Financial Instruments introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2014) also introduces additional changes relating to financial liabilities, amends the impairment model for financial assets and provides a new general hedge accounting standard. The required adoption date for the Company of IFRS 9 is July 1, 2018. The Company continues to evaluate the impact of this standards on the consolidated financial statements.

- IFRS 15 - Revenue from Contracts with Customers contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 will be effective for the Company on July 1, 2018, with early adoption permitted. As the Company does not currently earn revenues, adoption of this standard is not expected to have any impact on the consolidated financial statements.

- IFRS 16 – Leases introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is effective for the Company on July 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company does not expect that adoption of this standard will have a material impact on the consolidated financial statements.

QUALIFIED PERSON AND QUALITY CONTROL AND ASSURANCE

The technical information in this document has been reviewed by Dr. Michael Andrews, Southern Arc's President & Chief Operating Officer, PhD, FAusIMM, who has sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person as defined by National Instrument 43-101.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "plans", "budget", "scheduled", "continue", "estimates", "forecasts", "expect", "is expected", "project", "propose", "potential", "targeting", "intends", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company and its joint venture partners on its properties and work plans to be conducted.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- *uncertainties relating to receiving mining, exploration and other permits in Indonesia;*
- *the impact of increasing competition;*
- *unpredictable changes to the market prices for gold, copper and other commodities;*
- *availability of additional financing and farm-in or joint-venture partners;*
- *anticipated results of exploration and development activities;*
- *the Company's ability to sell the securities in its investments for a profit, or at all;*
- *the Company's ability to obtain additional financing on satisfactory terms or at all.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral and oil and gas operations; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and farm-in or joint venture partners and unpredictable weather conditions. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.