INTERCONTINENTAL GOLD AND METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED
DECEMBER 31, 2018

Introduction

This Management Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Intercontinental Gold and Metals Ltd. ("Intercontinental Gold" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the stub year ended December 31, 2018. This discussion should be read in conjunction with the audited financial statements of the Company for the period ended December 31, 2018 and the year ended March 31, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

Further information about the Company and its operations is available on Intercontinental Gold's website at www.intercontinentalgold.com or on SEDAR at **www.sedar.com**.

Caution Regarding Forward-Looking Statements

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

Forward-looking statements	Assumptions	Risk factors
The Company may require additional capital in order to meet its ongoing operating expenses and growth objectives for the nine-month period ending December 31, 2018.	The operating period for the nine-month period ending December 31, 2018 and the strategy change and the costs associated therewith, will be consistent with Intercontinental Gold's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favorable to Intercontinental Gold.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
The Company's ability to meet its working capital needs at the current level for period ending December 31, 2018. The Company's cash balance at December 31, 2018, may not be sufficient to fund its growth at current levels. At the date hereof, the Company's cash balance remains allocated primarily in support normal business operations and management attempts to defer all payments, including management salaries, to the extent practical.	The operating activities of the Company for the nine-month period ending December 31, 2018, and the costs associated therewith, will be dependent on raising sufficient capital consistent with Intercontinental Gold's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favorable to Intercontinental Gold.	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Management outlook regarding future trends.	Financing will be available for the Company's growth objectives and development of its gold trading and export business.	Interest rate and exchange rate fluctuation and political and economic conditions.
Asset values for the period ended December 31, 2018 were not left to be impaired.	Management's belief that no further write-down is required for its assets resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned change of business strategy.	If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses.
Sensitivity analysis of financial instruments.	Equity price will not be subject to change in excess of plus or minus 10%.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Intercontinental Gold's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

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

Description of Business

Intercontinental Gold was incorporated under the British Columbia Business Corporations Act and on October 30, 2017 was continued to Ontario and is now registered under the Ontario Business Corporations Act. The Company's head office is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1 and it is listed on the TSX-Venture and Frankfurt exchanges under the symbol ICAU and G2W, respectively.

As of the date of this MD&A the Company has two operating subsidiaries; Goldway SRL, a wholly owned licensed gold refinery and export company in Bolivia and Intercontinental Gold (Peru) SAC, a wholly owned Peruvian export and logistics subsidiary.

The Company was historically a mineral resource company engaged in the acquisition and exploration of mineral properties, the evaluation of early staged exploration project. In June 2015, the Company initiated the strategy of becoming an integrated metal trading and resources company. In August 2017, the Company completed its acquisition of Goldway SRL and fulfilled its initial goal of achieving sustainable revenues and cash flows derived from gold trading.

The Company currently generates revenue from sale of refined gold that is purchased from licensed Artisanal and Small Gold Miners (ASGM's) from its Bolivian refining operations. Additional revenue is generated from export logistics services, foreign exchange and net interest margin on cash balances.

The Company has changed its fiscal year-end from March 31 to December 31 in order to align with its Latin American subsidiaries. This MD&A, and the accompanying consolidated financial statements, reflect a nine-month period from April 1, 2018 to December 31, 2018 and comparative twelve-month period from April 1, 2017 to March 31, 2018.

Note on Comparatives

Due to the change in fiscal year-end, the comparative figures are not representative of equivalent reporting periods and, as such, have greater variances.

Selected Annual Information

The following table set out highlights of the Company's financial results together with selected financial information for the period ended December 31, 2018 and years ended March 31, 2018 and 2017.

	December 31 2018 $	March 31 2018 $	March 31 2017 $
Revenues	126,512,400	28,397,585	nil
Total Assets	6,392.906	4,668.295	41,165
Non-current Liabilities	4,746,311	2,734,613	nil
Total Liabilities	7,083,224	5,171,321	945,080
Share capital	33,586,699	32,943,911	31,501,743

	December 31 2018 $	March 31 2018 $	March 31 2017 $
Net Loss	(1,145,912)	(1,604,222)	(344,554)
(Loss) per share	(0.07)	(0.15)	(0.12)
Dividend	-	-	-

Operational Highlights

- During the period ended December 31, 2018 the Company continued to ramp up gold buying and refining operations. Total refined gold sales/exports during the period were 78,347 ounces.
- Average refined grade of bullion exported during the period was 24 carat.
- The company established a Peruvian subsidiary during the period.

Major milestones during the year include;

- Quarterly gold trading and exports continued to exhibit strong growth as a result of higher working capital following the April 2018 capital raise.

Gold and Metals Trading Operations Gold Exports

- **Q3 – Period ended December 31, 2018** - gold exports of 36,973 ounces
- **Q2 – Period ended September 30, 2018** - gold exports of 28,440 ounces
- **Q1 – Period ended June 30, 2018** - gold exports of 11,818 ounces
- **Q4 – Period ended March 31, 2018** - gold exports of 6,034 ounces
- **Q3 – Period ended December 31, 2017** - gold exports of 8,907 ounces
- **Q2 – Period ended September 30, 2017** - gold exports of 2,367 ounces (first quarter of operations)

- **Capital Investment** – Capital investments in refining equipment were made during the year ended March 31, 2018 with commissioning and licensing achieved in late April 2018 on time and on budget. First refined bullion sales of 24 carat gold were achieved in May 2018.

Finance and Corporate Developments – A year of Growth and Expansion

Financing – During the period ended December 31, 2018 the Company completed the second and final tranche of its previously announced unit financing (the “Offering”) and issued, an additional 2,430 units (the “Units”) at a price of $1,000 per Unit for additional gross proceeds of $2,430,000. The aggregate gross proceeds raised pursuant to the Offering was $3,750,000 through the issuance of 3,750 Units. Each Unit consists of: (i) one promissory note in the principal amount of $1,000 bearing a coupon of 10.0%, payable semi-annually, with a 5-year term (each, a “Note”); (ii)

750 common shares (the "Shares"); and (iii) 750 common share purchase warrants (the "Warrants"). Each Warrant is exercisable into one common share of the Company at a price of $0.20 per common share for a period of five years from the date of issuance. In connection with the second tranche, certain eligible persons (the "Finders") were paid a cash commission equal to 6% of the proceeds raised from subscribers introduced to the Company by such Finders and also issued an aggregate of 99,000 broker warrants with a value of $33,680 (the "Broker Warrants") to such Finders, with each Broker Warrant entitling the holder to acquire one common share at a price of $0.20 for a period of five years from the date of issuance.

- **Stock Options –** During the period ended December 31, 2018 a total of 1,060,000 stock options were granted;
    - On April 20, 2018, the Company announced that the Company granted an aggregate of 1,060,000 stock options to purchase common shares of the Company exercisable at a price of $0.45 per common share for five years, to certain directors, officers, employees and consultants, pursuant to the Company's stock option plan. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

- **Normal Course Issuer Bid –** No share purchases were made during the period ended December 31, 2018.
    - On May 11, 2018, the Company announced that it intends to proceed with a normal course issuer bid to purchase up to 877,873 of its common shares (the "Bid"). The Company received acceptance from the TSX Venture Exchange to commence the Bid on May 14, 2018. The Bid will terminate on May 14, 2019, or an earlier date in the event that the number of common shares sought in the Bid has been repurchased. The Company reserves the right to terminate the Bid earlier if it feels appropriate to do so.

- **Growth Strategy** – the Company's expansion strategy in Bolivia and elsewhere in Latin America ("LATAM") is to aggressively grow its gold, metals and commodities trading and gold refining businesses;
    - **Gold, Metals and Commodities Trading Opportunities** – Bolivian gold trading, refining and export operations demonstrated good growth during the period, as evidenced by quarter over quarter growth in raw gold purchases and refined export volumes since start of operations. Continued growth is forecasted as the Company continues to build brand awareness and penetrate both mine supply side and downstream bullion markets. Our established trading platform offers opportunities in other metals and commodities addition our trading platform and offer future expansion opportunities. Applications for entry into other LATAM markets are being reviewed in preparation for initial trading and exports. During the year ended December 31, 2018 the Company established and licensed its Peruvian subsidiary Intercontinental Gold and Metals SAC. Work is ongoing to establish operating subsidiaries in Brazil and elsewhere in LATAM.

- **Refined Gold Opportunities –** Refined gold (24 carat) production is now being actively marketed to global refiners, financial services companies and directly to jewelers and jewelry manufacturers. The Company also plans to initiate online bullion sales, offering gold bullion direct to investors. In addition to physical bullion sales expansion plans the company continues to advance discussions with consultants to establish a digital gold platform. Gold as Money is a burgeoning sector with allocated physical gold holdings being the asset backing for everyday electronic transactions. This market opportunity is global as gold's inherent value transcends borders as a truly global currency.

Cash Flow, Liquidity and Financial Position

Cash used in operating activities was $1,824,698 for the period ended December 31, 2018 compared to $600,329 in the year-ended March 31, 2018. Operating activities were affected by the net loss of $1,180,310 offset by non-cash items of $200 unrealized loss on marketable securities, gain on settlement of debt of $8,585, share-based compensation of $407,409 and the positive change in non-cash working capital balances of $2,036,986 because of an increase in receivables of $183,777, an increase in prepaid expenses and advances of $511,271, a decrease of inventory of $1,188,045, an increase in accounts payables and accrued liabilities of $119,998 and an increase in long-term deposit of $306,819.

Cash used in investing activities was $121,189 which is comprised of cash paid for contingent consideration related to the acquisition of Goldway of $32,224 and cash paid for acquisition of equipment of $88,965.

Cash provided by financing activities during the period was $1,620,854 derived principally from the issuance of 2,430 units for gross proceeds of $2,200,000 net of $143,230 in financing costs and interest expense of $488,890.

At December 31, 2018, Intercontinental Gold had $1,215,342 in cash (March 31, 2018 - $1,609,337).

As of date of this MD&A, the Company had 18,022,000 common shares issued and outstanding, 3,548,000 stock options that would raise $758,680 if exercised in full and 5,901,900 warrants and broker warrants that would raise $902,640 if exercised in full.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities in gold and metals trading and export opportunities globally including a variety of metals and minerals concentrates trading opportunities and other expansion initiatives.

The Company had positive working capital of $2,566,647 at December 31, 2018. The Company will however require additional capital in order to meet its growth targets.

Recent Accounting Pronouncements

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2018. The following has not yet been adopted by the Company and is not expected to have a significant impact on the financial statements.

IFRS 16: New standard introducing a single accounting model for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact the new and amended standard is expected to have on its financial statements and does not expect any material changes. If the limited exception criteria are not met, rent expense is to be removed and replaced by amortization and finance expense related to the leased office space and respective lease liability.

Financial Instruments and risk management

The fair value of cash and marketable securities are measured based on level 1 inputs of the fair value hierarchy. The fair values of receivables, accounts payable and accrued liabilities and loan from related party approximate their fair value because of the short-term nature of these instruments. The promissory notes are measured at carrying value at the effective interest rate which approximates fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the Company arises from cash and receivables. The carrying amount of these financial assets represents the maximum credit exposure as at December 31, 2018 and March 31, 2018.

Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Credit risk exposure on cash is limited through maintaining cash with high-credit quality financial institutions and management considers the risk to be minimal for all cash assets.

The Company is exposed to credit risk inherent in its receivables, which include credit exposure to customers and their outstanding receivable balances. Credit risk relating receivables from such customers is considered low based upon the nature of the Company's relationship and payment history with the customers.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of December 31, 2018, the Company had a cash balance of $1,215,342 to settle current liabilities of $2,336,913. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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.

Interest rate risk

The Company has cash balances and the promissory notes are subject to fixed interest rates. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is nominally exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars, Bolivianos and Peruvian Sol.

Gold price risk

The Company is exposed to gold price risk given that its revenues are derived from the sale of gold through its gold dore and bullion products, the prices for which have been historically volatile. Consequently, the economic viability of the Company's operations may be adversely affected by fluctuations in metal prices. For gold shipped and provisionally invoiced during the period ended December 31, 2018, a 1% change in gold prices would result in an immaterial increase/decrease in the Company's pre-tax income. As at

December 31, 2018, the embedded derivative arising from the provisional pricing is immaterial.

Fair value hierarchy

Receivables are measured at amortized cost. Accounts payable and accrued liabilities and promissory notes are measured at amortized cost. Cash and marketable securities are classified as fair value through profit and loss ("FVTPL") and carried at fair value.

IFRS 7 - Financial Instruments: Disclosures requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
Level 3: Inputs for the asset or liability that are not based on observable market data.

As at December 31, 2018 and March 31, 2018, none of the Company's financial instruments were held at fair value other than cash and marketable securities which were classified as level 1 inputs at the fair value hierarchy.

Trade receivable/payable from provisional sales of gold includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected gold prices and foreign exchange rates. The trade receivable/payable from sales of gold and derivative instruments are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

Economic dependence

During the period ended December 31, 2018, one customer accounted for 100% of the Company's total revenue. The loss of the above customer could have a material adverse effect on the Company's financial position and results of operations.

The Company defines capital that it manages as shareholders' equity, consisting of issued share capital, reserves and deficit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

There was no change in management's approach to capital management during the period ended December 31, 2018.

Related Party Transactions

(a) The Company entered into the following transactions with related parties recorded as legal fees:

	Period Ended December 31, 2018 ($)	Year Ended March 31, 2018 ($)
Irwin Lowy LLP (i)	46,491	56,062

(i) A director of the Company, Chris Irwin, is a partner at Irwin Lowy LLP, a law firm, and these fees are related to professional services provided by the firm ($35,260 was recorded as legal fees (March 31, 2018 - $40,062) and $11,231 was recorded as share issuance costs (March 31, 2018 - $16,000)). As at December 31, 2018, the Company owed $49,068 (March 31, 2018 - $17,774) to this firm and this amount was included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

(b) Compensation of key management personnel of the Company

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of the Board of Directors, corporate officers, including the Chief Executive Officer, Gord Glenn and Interim-Chief Financial Officer, Chris Irwin, as well the Vice President of Operations and the Country Manager.

	Period Ended December 31, 2018 ($)	Year Ended March 31, 2017 ($)
Salaries and Benefits	276,219	210,954
Consulting Fees	236,847	307,920
Directors Fees	24,000	30,500
Share-based compensation	376,705	157,682
Total	**913,771**	**707,056**

As at December 31, 2018, accounts payable and accrued liabilities included $219,322 (March 31, 2018 - $639,599) owing to directors, officers, directors, Country Manager, VP of Operations and a company controlled by the Chief Executive Officer. The amounts bear no interest and have no fixed terms of repayment.

During the period ended December 31, 2018, the Company entered into an agreement with the VP of Operations to settle accounts payable and accrued liabilities and recognized a gain on settlement of debt of $8,585.

During the period ended December 31, 2018, the Company issued 230 Units in the second tranche of its previously announced unit financing completed on April 13, 2018 to a company owned by a director and officer to settle accounts payable and accrued liabilities of $230,000 .

During the year ended March 31, 2018, the Company issued 180 Units in the Concurrent Offering on August 9, 2017 and 320 Units in the First Tranche of the unit financing completed on January 5, 2018 to a director and companies owned by officers. During the year ended March 31, 2018, the Company issued a total of 3,051,411 common shares to settle $305,141 of accounts payable with related parties, resulting in a loss on settlement of accounts payable of $30,514.

During the year ended March 31, 2018, in connection with the acquisition of Goldway, the Company made cash payments totaling $105,423 and issued 4,115,000 common shares with a total value of $456,500 to the VP of Operations and Country Manager who are considered to be related parties. Included in the contingent consideration payable is $398,214 due to the VP of Operations and the Country Manager.

As at December 31, 2018, total Promissory Notes payable to Related parties were $489,751 (March 31, 2018 - $399,811).

Share Capital

As of the date of this MD&A, the Company had 18,022,000 issued and outstanding common shares. Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
3,063,000	August 8, 2022	$0.10
990,000	January 5, 2023	$0.20
1,822,500	April 13, 2023	$0.20
5,707,500		

Broker Warrants	Expiry Date	Exercise Price
50,400	August 8, 2022	$0.10
45,000	January 5, 2023	$0.20
99,000	April 13, 2023	$0.20
194,400		

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
2,088,000	August 10, 2022	$0.11
1,060,000	April 20, 2023	$0.45
400,000	February 11, 2024	$0.13
3,548,000		

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim 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 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 unaudited condensed interim financial statements; and (ii) the unaudited condensed interim 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 GAAP (IFRS).

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.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Additional Disclosure

Operating Expenses

	Three Months Ended December 31,		Period Ended December 31,	Year Ended March 31,
	2018 ($)	2017 ($)	2018 ($)	2018 ($)
Accounting and audit	142,490	6,779	167,328	105,352
Consulting fees	(126,512)	(132,143)	374,486	320,722
Director fees	8,000	8,000	24,000	30,500

Business development	39,085	114,255	133,550	188,141
Shareholder information	139,037	63,369	281,726	161,356
Legal	(60,833)	nil	85,462	112,613
Office and miscellaneous	168,072	72,319	297,604	219,698
Depreciation	(41,203)	nil	2,854	10,064
Salaries and benefits	280,488	65,280	310,205	210,954
Share-based compensation	nil	nil	407,449	249,876
Transfer agent and regulatory fees	(4,509)	1,373	4,224	11,733
Total	**544,115**	**199,232**	**2,088,687**	**1,621,009**

Other Items

	Three Months Ended December 31,		Period Ended December 31,	Year Ended December 31,
	2018 ($)	**2017 ($)**	**2018 ($)**	**2017 ($)**
Unrealized gain (loss) on marketable securities	nil	(275)	(200)	(600)
Gain (loss) on debt settlement	8,585	Nil	8,585	(38,606)
Foreign exchange gain	91,413	6,175	155,420	17,480
Accretion on Promissory Notes	(44,600)	(24,811)	(127,349)	(59,234)
Revaluation of contingent consideration	(128,000)	nil	(128,000)	nil
Interest expenses on Promissory Notes	(4,844)	(74,331)	(360,282)	(251,246)
Interest income	10,400	503	10,424	441,315
Total	**(67,046)**	**(92,739)**	**(186,704)**	**(696,309)**

Discussion of Quarterly Operations

Three Months Ended December 31, 2018, compared with Three Months Ended December 31, 2017

The Company's net loss totaled $193,753 for the three months ended December 31, 2018, with basic and diluted income per share of $0.00. This compares with a net loss of $121,529 with basic and diluted loss per share of $0.01 for the three months ended December 31, 2017. The increase of $72,224 in net loss was principally due to:

- The increase of loss during three months ended December 31, 2018 as compared to three months ended December 31, 2017 was primarily due to the revaluation of contingent consideration and increased operating expenditures.

Selected Quarterly Information

Three Months Ended	Revenues ($)	Net Income (Loss)		Total Assets ($)
		Total ($)	Per Share (Basic and Diluted) ($)	
2018-December 31	61,570,526	(193,753)	0.00	6,392,906
2018-September 30	35,249,072	(247,547)	(0.02)	5,445,105
2018-June 30	29,692,802	(739,010)	(0.04)	13,809,664
2018-March 31	12,993,248	(681,182)	(0.01)	4,668,295
2017-December 31	15,404,317	(121,529)	(0.01)	2,115,481
2017-September 30	3,978,523	(622,383)	(0.06)	2,401,896
2017-June 30	-	(179,128)	(0.06)	190,149
2017-March 31	-	(158,811)	(0.05)	41,165

Subsequent Events

On February 11, 2019, the Company granted an aggregate of 400,000 options to purchase common shares of the Company exercisable at a price of $0.13 per common share for a period of 5 years, to certain directors, officers, employees and consultants, pursuant to the Company's stock option plan.

Subsequent to December 31, 2018, 56,000 stock options expired unexercised.

BY ORDER OF THE BOARD

"Gorden Glenn"

Gorden Glenn
President, CEO, and Director

"John Anderson"

John Anderson
Director