THEMAC Resources Group Limited

Form 51-102F1

Management's Discussion & Analysis (MD&A)

For the year ended June 30, 2018

Dated: October 24, 2018

Suite 488 – 625 Howe Street
Vancouver, BC
Canada V6C 2T6

This report covers financial and technical information related to the year ended June 30, 2018 and other relevant information available up to the date of this report. This report should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2018 and the related notes.

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to THEMAC Resources Group Limited ("THEMAC" or the "Company) is available for view on the Company's website at www.themacresourcesgroup.com and under the Company's profile on SEDAR at www.sedar.com.

Cautionary Note on Forward-Looking Statements

When used in this document, words such as 'estimate', 'expect', 'anticipate', 'believe', and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects, and goals for the Company, and, therefore, involve inherent risks and uncertainties.

Shareholders and prospective investors should be aware that the forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risk, and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections, and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events, or such factors which affect this information, except as required by law.

Description of business and project update

The Company was incorporated on February 24, 1997 under the Business Corporations Act (Yukon), Canada. The Company is in the business of developing its Copper Flat Project in New Mexico ("Copper Flat" or the "Project") through its subsidiary New Mexico Copper Corporation ("NMCC").

The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada, and trades its shares on the TSX Venture Exchange ("TSX-V") under the symbol MAC.

About the Copper Flat Project

The Company's focus is the Copper Flat Project ("Copper Flat" or the "Project). Substantially all of the Company's business efforts since the acquisition of Copper Flat have been focused on developing the Project with a view to bringing it back into commercial production.

Copper Flat is a former producing copper-molybdenum-gold-silver mine located in the Hillsboro Mining District of Sierra County, New Mexico, located approximately 150 miles (242 kilometers (km)) south of Albuquerque, New Mexico, and 20 miles (32 km) southwest of Truth or Consequences, New Mexico. The Project consists of 26 patented mining claims and 231 unpatented mining claims, (202 lode claims and 29 placer claims), 9 unpatented mill sites, and 16 fee land parcels in contiguous and non-contiguous land parcels and claim blocks. At the current time, the Project site can best be characterized as a "brownfields" disturbed site; crosscut by numerous dirt roads, power lines, tailings dam and other surface disturbances dating from the prior mine operations.

An April 2013 purchase agreement with a local rancher (the "Fancher Agreement") added 1,200 acres to the Company-owned real property in the Project area. Following this transaction, the Company's contiguous and non-contiguous land parcels and mining claims at Copper Flat total 4,741 acres (1,918 hectares) and the Company controls 100% of the property located within the approximate 2,190 acre (886 hectare) mine area.

The Copper Flat mine (the "Mine") was operated by Quintana Minerals Corporation (Quintana) for a short period ending in June 1982 before operations were curtailed due to falling copper prices. During this period, Quintana mined and processed 1.48 million short tons (Mst) of ore to yield 7.4 million pounds (Mlbs) of copper, 2,301 ounces (Oz) of gold, and 55,966 Oz of silver. A salable molybdenum product was planned but a molybdenum production circuit was not constructed due to the short operating period.

The Copper Flat deposit is a poly-metallic porphyry copper-molybdenum-gold-silver deposit. The mineral grade and recovery of the deposit is evidenced by historic production and metallurgical test work, and through additional assays obtained from the Company's exploration drilling programs. The Company completed a Feasibility Study for restarting the Mine with an effective date of October 7, 2013 (the "Study"). The Study was prepared by M3 Engineering and Technology Corporation (M3) with assistance from Independent Mining Consultants and Golder Associates. The Study is summarized in a Canadian Securities Administrators National Instrument 43-101 ("NI 43-101") compliant technical report titled "Copper Flat Project – Form 43-101 Technical Report Feasibility Study" that was filed on www.sedar.com (SEDAR) on November 21, 2013.

Civil infrastructure in place at Copper Flat includes a pre-stripped open pit, power lines, water well field and fresh water and pipeline, access roads, diversion channels, site grading, building foundations, and a tailings dam that is planned for replacement. For more information, visit www.themacresourcesgroup.com.

In connection with the completion of the Study, the Company identified the following principal steps necessary to advance Copper Flat to production:

Secure Water Rights
Receive Federal EIS Record of Decision from US Bureau of Land Management
Receive State Discharge Permit and State Mine Permit
Complete Plant Engineering
Construct Facilities
Commence Operations
Achieve Commercial Production

Permitting

During the year ending on June 30, 2018, the Company's activities centered on securing sufficient water rights for the Project and obtaining Federal and State operating permits to construct and operate.

Water resources are carefully managed and controlled in the Western United States, and appropriation of water rights for use by Copper Flat is managed by the Office of the State Engineer for New Mexico ("NMOSE" or "OSE").

In 2015, the Company filed for court adjudication of nearly 7,500 acre feet of vested and inchoate water rights to operate the mine. On December 28, 2017, the State of New Mexico Third District Court ruled that the majority of the water rights currently controlled by the Company were invalid and extinguished as the result of non-use and the failure to pursue a continuous plan of development by the previous Project owner's; leaving the Company with approximately 862 acre feet of vested water rights, a water element of 34 acre feet associated with the existing open pit, and a stock right in one well. The Company is disappointed with the determination of the Court. The vested water rights that the Court has determined exist fall far short of the requirements for the Copper Flat Project. The Company filed an appeal of this decision on March 27, 2018.

The Company believes that ensuring that pumping of the production wells will not impair other water users is critical in obtaining a water permit in New Mexico and has taken the necessary mitigation steps to avoid this potential outcome. The expert hydrologists for the Company have created an extensive and vetted groundwater model to effectively determine how pumping from the Company's wells might deplete the Rio Grande as it flows south toward Texas. This hydrologic model has been reviewed by various agencies and at this time the Company is not aware of any material disagreements regarding the model logic or determinations between Company hydrologists and the NMOSE and the other oversight regulatory agencies. To offset those groundwater pumping effects, the Company has acquired a lease from the Jicarilla Nation to release water 3,000 acre feet into the Rio Grande. This lease has been authorized and approved by the United States Department of Interior and the United States Bureau of Reclamation.

The Company has also evaluated the effects on all neighboring wells and there was no evidence given at the adjudication trial of any injury to any other well. In addition, the Company committed in the EIS process to ensure that any well user with well impairment will be provided with an appropriate water supply, whether through well deepening at the cost of the Company or other appropriate measures. These commitments are known to all regulatory agencies having jurisdiction, including the NMOSE.

In summary, the Company expects that the main concern for NMOSE will be that all of the river and environmental protections for other water users are in place and remain in place. The decision as to the inchoate Mendenhall Rights has no effect on the protections of other water users that are in place. Nor does the decision have any effect on other options for the Company.

The Company intends to continue to advance permitting of Copper Flat while identifying the most effective path forward to secure access to necessary water rights. NMCC is current on water right payments to date; a final payment under the water rights purchase and option agreement totaling $700,000 was paid in August 2018, and the Company is reviewing additional options for water rights. The Company will continue to make appropriate and timely disclosures as developments occur.

Permitting the Project efforts include applications to multiple Federal and State agencies, responding to Agency requests for information, and maintaining compliance with applicable regulations.

The proposed operation is being evaluated by the Bureau of Land Management (BLM) through the development of a National Environmental Policy Act (NEPA) compliant Environmental Impact Statement (EIS). The Company has supported the BLM study by responding to Agency requests for information in a timely manner. At the time of this report the BLM has indicated they have no other requests for information of the Company. The BLM released the Draft EIS on the Copper Flat Copper Mine Project in November 2015, hosted two public meetings and allowed 120 days to receive public comment. In early 2018 the BLM indicated its intention to move forward to a Final EIS according to the following statement posted to the Copper Flat EIS webpage: “The timeline for the Final EIS and a Record of Decision is tentatively scheduled for the summer of 2018, but is subject to the review and approval of the Biological Assessment by the U.S. Fish and Wildlife Service.” BLM is consulting with the US Fish and Wildlife Service in the development of the Biological Assessment as noted on their website. It is anticipated that this consultation will result in a signed Biological Opinion documenting agreement on voluntary mitigation measures.

In addition to this Federal process, NMCC has been working to secure two significant state operating permits: a water Discharge Permit (focused on groundwater protection) from the New Mexico Environment Department (NMED); and a New Mine Permit (which will regulate mine operation and reclamation) from the New Mexico Mining and Minerals Division (NMMMD).

The Company submitted an application for a Groundwater Discharge Permit to NMED in October 2015. In subsequent years, the NMED has conducted technical reviews of the application and requested additional information that NMCC has provided in various technical reports and correspondence as well as meetings to discuss regulations and adherence to all requirements. As a result of this additional information, the Company submitted a Revised Discharge Permit Application in August 2017. In early February 2018, the NMED issued a letter stating the permit is technically complete and followed that with a draft Discharge Permit for public review and comment. The initial 30-day public review period was extended in March 2018 for an additional 60 days due to significant public interest. NMED observed a total of a 90-day public review that ended in May 2018 for the draft Discharge Permit. The NMED scheduled a public hearing regarding the Discharge Permit in Truth or Consequences, New Mexico, September 24 to 28, 2018, and these meetings were conducted and concluded on the 28th of September. At the time of writing, transcripts are being finalized from the proceedings, which will be sent to legal counsel for all participating parties. Each party will submit their own reports on Findings of Fact and Conclusions of Law to the Hearing Officer, who will then create and submit a report to the Secretary of the NMED. The NMED Secretary will subsequently render a decision on whether to finalize the proposed Discharge Permit and whether any additional conditions shall be added to it.

NMCC will need a New Mine Permit from NMMMD and in support of this, submitted the Mine Operation and Reclamation Plan in October 2016. Since that time, NMCC and NMMMD have corresponded on numerous technical topics and NMCC has provided additional technical details and reports for NMMMD review. NMCC submitted the final two reports necessary to make the permit application complete in December 2017. NMMMD provided NMCC with technical comments on these reports in March of 2018 and NMCC fully responded to these comments. MMD has scheduled a public hearing to collect public comment on the NMCC New Mine Permit application in Truth or Consequences on October 23rd and 24th, 2018, with additional days if needed on October 25th and 26th. In the NMMMD process, the public hearing is hosted prior to the agency creating a draft New Mine Permit, and is different in scope and purpose from the public hearing meetings hosted by NMED in September 2018.

NMCC is pursuing and prioritizing other necessary permits as time and resources allow, including a new dam permit for the mine's proposed Tailings Storage Facility from the Office of the State Engineer Dam Safety Bureau. It is anticipated that the Company will need a Multi-Sector General Permit for potential storm water discharges at the facility from the Environmental Protection Agency (EPA) and a permit administrated by the Army Corps of Engineers (ACOE) that regulates construction in drainages that connect to a Water of the United States (WOTUS).

The Company prioritizes and fosters positive working relationships with local community members through various outreach initiatives and is taking steps to keep the local public informed of the facts regarding the proposed operation. The Company uses social media, attendance at local events, ads to communicate with the public in the local newspapers, provides presentations at local service clubs and governing bodies as well as public outreach meetings. The Company gives tours of the mine site to leaders and interested parties. The City of Elephant Butte, the Village of Williamsburg, and the Sierra County Commission, all representing communities near the proposed mine, have passed resolutions of support for Copper Flat. NMCC maintains an active website and presence on social media platforms such as Facebook (with over 2,000 followers to date), LinkedIn, and Twitter and the Company provides updates through these channels as developments occur.

Company efforts to secure water rights and operating permits are subject to challenge from Project opponents. NMCC is undertaking efforts to understand and address the underlying concerns as challenges develop and the Company will continue to make appropriate and timely disclosures as developments occur.

Metal Prices

Copper Flat is a past producing copper, gold, silver project with additional molybdenum resources, and project economics may be affected by fluctuations in the price of those commodities. The Company continues to monitor copper prices as the material commodity of the Copper Flat Project while it works through the permitting process. The Company published its NI 43-101 Feasibility Study in 2013. Average annual prices of copper, gold, molybdenum and silver for the period from the publication of the Study as well as the average prices through June 2018 are provided in the table below:

Year	Copper (US$/lb)	(Gold US$/oz)	Silver (US$/oz)	(Molybdenum US$/lb)
2013	3.32	1,411	23.83	9.97
2014	3.23	1,266	19.08	11.07
2015	2.49	1,160	15.70	6.52
2016	2.20	1,248	17.10	6.33
2017	2.61	1,236	17.14	6.95
2018	3.01	1,251	16.03	10.88

1. Source: Copper and molybdenum prices - LME Official Cash Price as provided at www.lme.com. Gold and silver prices – LME Official Cash Price as provided at http://www.lbma.org.uk/pricing-and-statistics.

Negative trends in metals prices can adversely impact the Company's ability to finance development of the Copper Flat Project.

Project Expenditures

To date, the Company's project development has been funded by loans from the Company's controlling shareholder, and has not been generally affected by industry or other economic conditions. However, project finance may be affected by variable commodity prices as the Project is advanced.

Expenditures on the Copper Flat Project are as follows:

	Year ended June 30, 2018	Year ended June 30, 2017
Deferred exploration expenditures, beginning of the period	$ 37,447,731	$ 34,111,007
Asset retirement obligation	(46,002)	
Depreciation	163,256	433,265
Engineering	166,709	-
Exploration	2,039	25,979
Legal	300,101	272,294
Permitting	1,360,430	1,426,945
Share-based payments	-	87,959
Site maintenance	493,247	1,004,332
Additions for the period	2,439,780	3,250,774
Cumulative foreign currency translation adjustment	384,096	85,950
Deferred exploration expenditures, end of the period	$ 40,271,607	$ 37,447,731

The Company's efforts are driven by the water rights and permitting process at this time and are subject to third party timelines, such as regulatory agency review and decisions. The Company's progress toward its objectives has been estimated in the Permitting discussion above. When material changes occur they will be communicated.

Material expenditures with respect to permitting relate to the pursuit of the permits as discussed above. This entails legal support, third party specialists in environmental assessments, additional biological assessment and other field work, cost recovery by the BLM and internal staff salaries and benefits.

Legal costs relate materially to legal fees for water rights and permitting activities detailed above, and mining claim/property rights activities.

Direct site expenses relate to salaries of personnel assigned to the mine site and general holding and maintenance costs for the mine site while the Company works through the permitting process. Direct site expenses are now identified as a separate cost category in the current year to capture holding costs and activities specific to the Copper Flat property.

Financings and Working Capital

Financings

The Company holds a loan (the "CAD Loan") with Tulla Resources Group Pty Ltd. ("Tulla") a mining and natural resource -focused investment firm with a proven track record in the natural resource space. During the year ended June 30, 2017, the Company and Tulla extended the Loan to a maximum facility of $44,500,000, of which $43,838,077 was drawn at June 30, 2017. On June 30, 2017, the Company assigned the CAD Loan to its subsidiary, NMCC. Concurrently, NMCC entered into a separate loan agreement with Tulla (the "USD Loan"). During the year ended June 30, 2018, the Company drew down $3,205,401 (US$2,523,638) on the USD Loan. The USD Loan has a maximum facility of US$4,775,000 and bears interest at 20% per annum. The USD Loan is unsecured and is payable on demand which demand cannot be made before June 30, 2019.

The Company has provided a guarantee of the repayment of the CAD Loan and USD Loan (together, the "Loans") on behalf of NMCC.

Mr. Kevin Maloney, Chairman of THEMAC, is a director of Tulla. Refer to "Capital resources" and "Transactions with Related Parties" for additional discussion.

Working Capital

As at June 30, 2018, the Company had working capital deficiency of $93,989,465 (2017 - $80,997,119). The significant decrease in working capital relates primarily to the accumulation of amounts due on the Loans.

As at June 30, 2018, the Company had prepaid expenses and deposits of $27,333 (2017 - $26,827) consists of advances to vendors and contractors, lease and rent deposits, and prepaid insurance.

As at June 30, 2018, the Company had trade and other payables of $744,445 (2017 - $469,052) not including amounts to related parties of $2,454,117 (2017 - $1,984,699). The increase in trade payables was largely attributable to the timing of payments. Amounts due to related parties consist of amounts due for expense reimbursement and accrued fees and bonus' for directors and officers, and are unsecured and are non-interest bearing.

Fancher Agreement

The Company has acquired 1,200 acres of land pursuant to the Fancher Agreement within the Copper Flat project area. The total purchase price of the land is US$2,500,000 ("Purchase Price"). The Company has paid an accumulated US$700,000 against the principal, and accrued interest, in the years ended June 30, 2013 through 2017.

The balance of US$1,800,000 ("Final Payment") is due on or before the fifth anniversary of the Initial Payment with applicable interest charges, subject to exercise of any extension terms. The agreement provides for the deferral of the Final Payment for an additional five years if the permits and approvals deemed necessary for the commercial operation of the Copper Flat Project have not yet been obtained, with the condition that annual payments of US$125,000 continue to be made on the fifth and subsequent anniversaries, to be credited against the Final Payment. As such permits and approvals were not obtained before the fifth anniversary (May 1, 2018), the

Company has elected to defer the Final Payment by making the fifth anniversary payment of US$125,000 and on subsequent anniversaries, until the earlier of the expiration of the Fancher Agreement, or such time that the permits and approvals are obtained.

Interest accrues at a rate of 3.5%, adjusted to changes in LIBOR, per year on the Purchase Price less installments paid to date. As at June 30, 2018, the carrying value of the property obligation was $2,225,371 (2017 - $2,353,427), of which $184,331 is due within one year of June 30, 2018.

The Company had secured via purchase or contract water rights in sufficient quantity to operate the mine. NMCC completed water right payments under a purchase and option agreement having made a final water right payment of USD$700,000 subsequent to June 30, 2018. However, some of these water rights have been deemed invalid by the State of New Mexico Third District Court on December 28, 2017, as discussed above. As a result of the Court's decision, the Company is taking steps to acquire additional water rights to replace those water rights that the Court has deemed invalid, and is also reviewing mineral processing options that could result in a diminished requirement for process water to run the operation. The Company is also appealing the Court's decision.

Debt

As at June 30, 2018, the Company had Loans payable of $90,901,043 (2017 - $78,528,933), including interest, relates to the loan agreements with Tulla detailed in the accompanying consolidated financial statements. The amounts are due on demand (with exception to the amounts drawn under the USD Loan which may not be demanded until June 30, 2019) and accrue interest at a simple interest rate of 20% per annum. During the year ended June 30, 2018, the Company drew down $3,205,401 (US$2,523,638) on the USD Loan. A further US$1,558,797 has been drawn subsequent to June 30, 2018. The Company has provided a guarantee of the repayment of the Loans on behalf of NMCC.

Selected Annual Information

		Years ended June 30 ($)		
		2018	**2017**	**2016**
a)	Loss for the year	(10,598,062)	(10,132,271)	(9,397,405)
	➢ Per share - basic & diluted	(0.13)	(0.13)	(0.12)
b)	Comprehensive income (loss) for the year	(9,827,262)	(9,873,415)	(7,275,324)
	Per share - basic & diluted	(0.12)	(0.12)	(0.10)
c)	Long term liabilities*	2,481,053	2,644,577	2,784,081
d)	Total assets	78,261,186	74,958,820	72,337,667
e)	Cash dividends per share	Nil	Nil	Nil

The loss per year has increased over the periods presented due to the interest expense accruing on the Loans. The difference between the comprehensive loss and loss relates to the foreign currency translation of the assets and liabilities of NMCC denominated in US dollars at each reporting period.

Summary of quarterly results:

	Quarter ended (three-month unaudited figures, unless otherwise specified)			
	Jun 30, 2018 $	Mar 31, 2018 $	Dec 31, 2017 $	Sept 30, 2017 $
Net loss for the period	(2,742,611)	(2,569,713)	(2,573,825)	(2,711,913)
Per share basic & diluted	(0.03)	(0.03)	(0.03)	(0.03)
Total comprehensive income (loss) for the period	(1,238,058)	(696,120)	(2,135,273)	(5,757,811)
Per share basic & diluted	(0.02)	(0.01)	(0.03)	(0.07)
Total assets	78,261,186	75,652,921	73,184,504	72,207,319
Total liabilities	96,764,989	92,918,666	89,754,129	86,641,671
Shareholders' deficiency	(18,503,803)	(17,265,745)	(16,569,625)	(14,434,352)
Cash dividends declared	Nil	Nil	Nil	Nil

	Quarter ended (three-month unaudited figures, unless otherwise specified)			
	Jun 30, 2017 $	Mar 31, 2017 $	Dec 31, 2016 $	Sept 30, 2016 $
Net loss for the period	(2,559,650)	(2,621,378)	(2,528,463)	(2,422,780)
Per share basic & diluted	(0.03)	(0.03)	(0.03)	(0.03)
Total comprehensive income (loss) for the period	(4,378,087)	(3,257,150)	(870,756)	(1,367,422)
Per share basic & diluted	(0.06)	(0.04)	(0.01)	(0.02)
Total assets	74,958,820	76,313,030	76,186,146	73,634,073
Total liabilities	83,807,040	80,903,957	77,519,923	74,097,093
Shareholders' deficiency	(8,848,220)	(4,590,927)	(1,333,777)	(463,020)
Cash dividends declared	Nil	Nil	Nil	Nil

The trend presented by the tables above demonstrates continued investment in the Copper Flat Project which is predominantly financed by drawing on the Loans. The difference between net loss and comprehensive loss reflects the foreign exchange translation of the holdings of the Company's subsidiary NMCC which holds title to the Copper Flat Project.

Results of Operations

Years ended June 30, 2018 and 2017

Years ended June 30	2018		2017		
	$	% of expenses	$	% of expenses	% change
Accounting and audit	**77,721**	**0.73%**	125,350	1.24%	-38.00%
Depreciation	**9,645**	**0.09%**	17,889	0.18%	-46.08%
Director's fees	**315,000**	**2.97%**	332,083	3.28%	-5.14%
Filing fees and transfer agent fees	**11,525**	**0.11%**	13,025	0.13%	-11.52%
Foreign exchange	**27,632**	**0.26%**	—	0.00%	n/a
Finance expenses	**9,039,016**	**85.29%**	8,450,198	83.40%	6.97%
Interest on property obligation	**126,257**	**1.19%**	118,352	1.17%	6.68%
Legal fees	**44,394**	**0.42%**	12,697	0.13%	249.64%
Management fees	**285,606**	**2.69%**	480,302	4.74%	-40.54%
Office and sundry	**449,642**	**4.24%**	516,028	5.09%	-12.86%
Share-based payments	**171,679**	**1.62%**	32,834	0.32%	422.87%
Travel	**39,945**	**0.38%**	33,513	0.33%	19.19%
Loss for the year	**(10,598,062)**	**100%**	(10,132,271)	100%	4.60%
Exchange differences on translating foreign operations	**770,800**		258,856		
Comprehensive loss for the year	**(9,827,262)**		(9,873,415)		

For the year ended June 30, 2018, the Company recognized a comprehensive loss of $9,827,262 (2017 - $9,873,415), inclusive of the exchange differences on translating foreign operations. The operating loss for the year ended June 30, 2018 was $10,598,062 (2017 - $10,132,271).

- For the year ended June 30, 2018, finance expense of $9,039,016 (2017 - $8,450,198) increased over the prior period as the principal of the Loans has increased. No payments have been made against the accrued Loans and interest.
- For the year ended June 30, 2018, accounting and audit of $77,721 (2017 - $125,350) decreased due to additional tax planning and management in the prior year.
- For the year ended June 30, 2018, legal fees increased to $44,394 (2017 - $12,697) due to work around the CAD Loan assignment and other corporate activity.
- For the year ended June 30, 2018, management fees decreased to $285,606 (2017 - $480,302) due to the accrual of past performance bonuses in the prior year.
- For the year ended June 30, 2018, office and sundry costs decreased to $449,642 (2017 - $516,028) due to the accrual of past staff performance bonuses in the prior period.
- For the year ended June 30, 2018, the Company incurred share-based payments expense of $171,679 (2017 - $32,834) for options granted and vesting in the period. The expense in the prior period relates to the repricing and extension of certain options.

Three months ended June 30, 2018 and 2017

Three months ended June 30	**2018**		2017		
	$	**% of expenses**	$	% of expenses	% change
Accounting and audit	**44,434**	**1.62%**	74,548	2.91%	-40.40%
Depreciation	**2,452**	**0.09%**	(21,291)	-0.83%	-111.52%
Director's fees	**78,750**	**2.87%**	78,750	3.08%	0.00%
Filing fees and transfer agent fees	**435**	**0.02%**	3,578	0.14%	-87.84%
Foreign exchange	**27,632**	**1.01%**	—	0.00%	n/a
Finance expenses	**2,317,480**	**84.50%**	2,165,042	84.58%	7.04%
Interest on property obligation	**48,177**	**1.76%**	42,296	1.65%	13.90%
Legal fees	**4,104**	**0.15%**	9,900	0.39%	-58.55%
Management fees	**129,862**	**4.73%**	55,707	2.18%	133.12%
Office and sundry	**87,482**	**3.19%**	116,712	4.56%	-25.04%
Share-based payments	**—**	**0.00%**	32,834	1.28%	-100.00%
Travel	**1,803**	**0.07%**	1,574	0.06%	14.55%
Loss for the period	**(2,742,611)**		(2,559,650)		
Exchange differences on translating foreign operations	**1,504,553**		(1,921,223)		
Comprehensive loss for the period	**(1,238,058)**		(4,480,873)		

For the three months ended June 30, 2018, the Company recognized a comprehensive loss of $1,238,058 (2017 - $4,480,873), inclusive of the exchange differences on translating foreign operations. The operating loss for the three months ended June 30, 2018 was $2,742,611 (2017 - $2,559,650).

- For the three months ended June 30, 2018, finance expense of $2,317,480 (2017 - $2,165,042) increased over the prior period as the principal of the Loans has increased. No payments have been made against the accrued Loans and interest.
- For the year ended June 30, 2018, accounting and audit of $44,434 (2017 - $74,548) decreased due to additional tax planning and management in the prior year.
- For the three months ended June 30, 2018, legal fees decreased to $4,104 (2017 - $9,900) due to additional work in the prior period for regulatory compliance.
- For the three months ended June 30, 2018, management fees increased to $129,862 (2017 - $55,707) due to the allocation of the COO's time for general administrative and management work.
- For the three months ended June 30, 2018, office and sundry costs decreased to $87,482 (2017 - $116,712) due to higher personnel costs in the prior period.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of trade and other payables, due to related parties, property obligation and loans payable. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and future obligations compared to the Company's current cash position and expected cash receipts. The objective of the Company is to manage its liquidity risk by maintaining sufficient cash to meet its anticipated operational needs. Due to the relatively low cash position of the Company, the Company is exposed to liquidity risk.

The Company has identified the outstanding Tulla Loans and negative working capital position as a significant liquidity risk to the Company. Tulla has not made demand for payment of the Loans to date.

For the year ended June 30, 2018, the Company used cash of $1,074,699 (2017 - $1,001,741) in operating activities. Major expenditure changes discussed in the results of operations were largely non-cash. The decreased rate of cash use is largely attributable to the timing of payment of trade payables.

For the year ended June 30, 2018, the Company used cash of $1,980,391 (2017 - $2,579,754) in investing activities for the year ended June 30, 2018, primarily in deferred exploration and development expenditures (investing activities) on the Copper Flat project. The spend has been comparable across the periods as the Company works through permitting and associated proceedings. A higher spend in the prior period can be attributed to past bonuses accrued for the COO.

For the year ended June 30, 2018, cash generated from financing activities of $3,205,401 (2017 - $3,200,831) relates to draws on the USD Loan and is proportionate to the spend rate and approved draw requests.

The Company will depend on future financings from its majority shareholder (Tulla) and other alternatives to continue its operations.

The consolidated financial statements of the Company were prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future.

The Company's forecast cash requirements for the next 12 months exceeds the current amount available under the Company's Loans with Tulla. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required in order to enable the Company to continue and to develop the Copper Flat Project. Realization values may be substantially different from carrying values, as shown, and the consolidated financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Transactions with related parties

During the year ended June 30, 2018 and 2017, the Company incurred the following expenditures in respect of transactions with related parties:

	2018	**2017**
Management fees paid or accrued to Mr. Andrew Maloney, CEO	172,029	177,971
Bonus paid or accrued to Mr. Andrew Maloney, CEO (Notes 1 and 2)	-	266,519
Salary paid to Mr. Jeffrey Smith, COO (Note 3)	321,959	331,711
Bonus accrued to Mr. Jeffrey Smith, COO (Notes 1 and 3)	211,956	653,488
Directors fees paid or accrued to:		
Mr. Kevin W. Maloney	80,000	80,000
Mr. Barrett Sleeman	50,000	50,000
Mr. Kenneth Pickering (resigned December 7, 2016)	-	27,083
Mr. Joel Schneyer	70,000	70,000
Mr. Andrew Maloney	55,000	55,000
Ms. Deborah Peacock (appointed July 1, 2014 to NMCC board, December 7, 2016 to THEMAC board)	60,000	50,000
Fair value of stock options granted to senior management and directors	125,440	97,927
Loan advances received from Tulla (Note 4)	3,205,401	3,200,831
Interest incurred on loans payable to Tulla (Note 4)	9,039,016	8,450,198
Fees paid or accrued to Peacock Law, P.C., a firm owned by Ms. Deborah Peacock	42,404	-

Note 1: Bonus payments are made at the discretion of the board of directors. Due to ongoing capitalization constraints, the Board has determined that management and staff will not be adequately compensated by the granting of stock options and has recognized bonuses for past service in the current period. Subsequent to June 30, 2018, the CEO and COO entered into agreements with respect to past bonuses accrued which stipulate that payment of historic bonuses is contingent upon the Company completing a substantial financing or sale transaction.

Note 2: Bonus accrued to Mr. Maloney is included in management fees expense.

Note 3: Compensation paid to Mr. Smith is partially capitalized to the Copper Flat Project.

Note 4: Tulla is an Australian based mining investment company of which Kevin Maloney, the Chairman of the Company, is a director, and in which Andrew Maloney, the CEO of the Company, has a financial interest. Tulla also owns 47,950,000 common shares of the Company, and together with shareholdings held directly or indirectly by Mr. Maloney represents 76% of the outstanding shares of the Company. The material terms of the Loans are set out under the heading “Debt” above. The Loans are repayable on demand. The Loans have provided the only source of financing, other than the accrual or settlement of director and management fees for shares, for the Company since 2010.

Capital resources and outlook

The Company's ability to raise further funds from the equity markets will largely depend upon general market conditions. The CAD Loan with Tulla has a maximum facility of $44,500,000, of which $43,838,077 had been drawn as at June 30, 2017 and June 30, 2018. The USD Loan has a maximum facility of US$4,775,000, of which US$2,523,638 had been drawn as at June 30, 2018 and a further US$1,558,797 subsequent to June 30, 2018. The Loans are due on demand (with exception to amounts drawn under the USD Loan which cannot be demanded until June 30, 2019) and accrue interest at 20% per annum.

Due to challenging market conditions, the Company is considering all potential opportunities for financing and development partnerships.

Commitments

The Company does not have any commitments.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company’s financial instruments consist of cash, receivables, bonds, trade and other payables, amounts due to related parties, loans payable and property obligation. The fair value of cash, receivables, bonds, trade and other payables and loans payable approximate their carrying values due to their short-term nature.

The property obligation is carried at amortized cost. The fair value of the property obligation approximates its carrying value as it reflects the amount payable as at the reporting date to discharge the liability.

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

Currency Risk

The Company is subject to currency risks. The Company’s Copper Flat project is located in the United States of America, and many of the Company’s expenditures on this project are denominated in US dollars. The Company maintains its principal office in Canada, and has monetary assets and liabilities in Canadian and US dollars. The currency exchange rate between the US and Canadian dollars fluctuated from a low of US$0.76 to a high of US$0.81 for CAD$1 during the year ended June 30, 2018. The Company has estimated that a change of 10% in the currency rate could affect the total comprehensive income (loss) by approximately $1,686,000. As such, the Company’s results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate foreign currency risk at this time, and does not use derivative instruments to reduce its exposure to currency risk.

Interest rate and credit risk

The Company has a cash balance, receivables, trade and other payables, amounts due to related parties, loans payable (Tulla Loans) and property obligation. Amounts owed to related parties, excluding the loans payable, do not bear interest, and, therefore, these amounts are not exposed to interest rate variations. The loans payable bear an interest rate of 20% per annum on outstanding amounts. The property obligation bears interest at a rate of 3.5% per annum adjusted for fluctuations in LIBOR. While changes in LIBOR were insignificant in the period presented, it is possible that adjustments in the future could be significant.

Receivables typically consist of Canadian Goods and Services Tax ("GST") due from the Federal Government of Canada. Management believes that the credit risk with respect to receivables is remote. In addition, the Company is satisfied with the credit rating of the banks where the cash is held.

Liquidity risk

Please see above under "Liquidity."

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements are disclosed in Note 3 of the Company's annual consolidated financial statements for the year ended June 30, 2018.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. The Company will adopt IFRS 9 effective July 1, 2018 and report in accordance with the standard in its quarter ending September 30, 2018. The Company has assessed that there will be no material impact to the financial statements.

IFRS 16 *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's leases has not yet been determined.

Risk elements

Forward-Looking Statements

Certain statements made and information contained in this MD&A and elsewhere constitutes "forward-looking information" within the meaning of the British Columbia Securities Act and the Alberta Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis, and other risks and uncertainties, including those described under Risk Factors.

In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term-price of copper, gold, silver and molybdenum, that the Company will receive required permits and access to surface and water rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within the jurisdictions where the company operates or is planning to operate will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Risk Factors

Companies in the development stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, grant of mining permits, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

THEMAC will require additional funding.

At June 30, 2018 the Company held cash of $259,388 and had current liabilities of $94,283,936. The Company has historically relied upon extensions to its loans with Tulla to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

THEMAC will require various permits and title agreements to enable it to conduct its current and anticipated future operations.

The Company's current and anticipated future operations, including further exploration and development activities and the commencement of production from the Company's Copper Flat Project in New Mexico, USA requires the granting of the necessary permits and right of ways from various federal, state and local authorities and private property holders. The granting, continuing validity and enforcement of the terms of such permits are, as a practical matter, often subject to the discretion of government officials. There can be no assurance that all concessions and permits that the Company requires will be obtainable on reasonable terms, or at all, or will continue to be valid. Further, delays or failure to obtain such concessions and permits, the withdrawal, expiry or non-renewal of existing concessions and permits, or failure to comply with the terms of such concessions and permits could have a material adverse impact on the Company.

THEMAC must obtain certainty of water rights in order to successfully develop the Copper Flat Project

Negotiating rights to water involves certain inherent risks. Management continues to engage with the NMOSE to secure the appropriate consents and permits for Project water rights. Specifically, the NMOSE has provided confirmation to some of the Project's water rights, and the Company is in legal proceedings regarding the balance of the water rights. The basis of the Company's position is the Mendenhall Doctrine, an accepted legal argument in the State of New Mexico regarding pre-water basin claims. As the Company progresses in this regard, the appropriate disclosures will be made. Despite the Company's efforts, there can be no guarantee that the Company will be able to secure surface access, water rights, or the other permits necessary to re-start operations at Copper Flat.

THEMAC is subject to government regulation

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Exploration, development and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

THEMAC may be adversely affected by fluctuations in commodity prices.

The value and price of the Company’s common shares, the Company’s financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of copper and other key commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company’s control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

THEMAC may be subject to changes in federal government royalty rates.

Recent activity of the 115th U.S. Congress may modify the requirements applicable to locatable minerals on public domain land, and for other purposes through the ‘‘Hardrock Mining and Reclamation Act of 2017’’; which may include the payment of additional royalties for minerals extracted on land owned by the United States. If enacted, the majority of the mineral to be extracted is under private ownership and therefore not subject to this legislation if passed. Similar legislation introduced in the past has not been approved by the U.S. Congress.

Market volatility during the current reporting period

The capital markets around the world are subject to significant volatility, which could affect the Company’s ability to secure financing, as well as adversely affect the market price of its common shares.

Given the Company’s present situation, while it may affect the trading price of its common shares, it is not expected that this volatility will have an effect on the Company’s operations or on its financial statements for the next few months. The Company has depended on financing from its majority shareholder in the past, but with the expansion of operations at Copper Flat, it will be more dependent on public markets, in addition to the support from controlling shareholders.

Management’s responsibility over financial information

The Company’s management is responsible for presentation and preparation of the financial statements and the MD&A. The consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks, and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

Cautionary note for USA readers

As a corporation, the Company is subject to certain rules and regulations issued by the British Columbia Securities Commission; the Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, on security of samples and mineral reserve estimates. Further, the Company describes any mineral resources associated with its properties utilizing terminology such as "inferred" or "indicated" which are terms recognized by Canadian regulators but not recognized by the United States' Securities and Exchange Commission (SEC).

Other MD&A requirements

a) Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at www.sedar.com.

b) Information pursuant to sections of National Instrument 51-102:

   i) Section 5.3: The Company's continued operations are dependent on its ability to raise adequate funds from the capital markets or other sources of financing.

   ii) Section 5.4: Outstanding share data as at the date of this MD&A:

      - Common shares:
        - Authorized: unlimited number, without par value.
        - Issued and outstanding: 79,400,122.

      - Stock options: 14,025,194 with a weighted average exercise price of $0.05 with a weighted average remaining life of 4.25 years.

The fully diluted capital of the Company as at the date of this MD&A is 93,425,316.

Directors and officers

The qualified person under NI 43-101 responsible for the review of the technical content of this MD&A is Mr. Jeffrey Smith, P.E.

Directors	Officers
Kevin W. Maloney (Chairman)	Andrew Maloney, Chief Executive Officer
Andrew Maloney	Mark McIntosh, Chief Financial Officer
Barrett Sleeman	Jeffrey Smith, Chief Operating Officer
Joel Schneyer	Stephen L. Law, Secretary
Deborah Peacock	

On behalf of the Board of Directors:

"*Andrew Maloney*"

Andrew Maloney
Chief Executive Officer