



# **Kintavar Exploration Inc.**

Management's Discussion and Analysis  
Quarterly Highlights

Three months ended March 31, 2017

# Kintavar Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Three months ended March 31, 2017

The following quarterly highlights management discussion and analysis (the “MD&A Highlights”) of the financial condition and results of the operations of Kintavar Exploration Inc. (the “Corporation” or “Kintavar”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for Q1-17. This MD&A Highlights should be read in conjunction with the Corporation’s unaudited condensed interim financial statements as at March 31, 2017, the annual audited financial statements for the year ended December 31, 2016 for Groupe Ressources Géomines Inc. (“Géomines”) as well as with the management discussion and analysis for the year ended December 31, 2016 for Black Springs Capital Corp. (“Black Springs”). These documents were prepared in accordance with the International Financial Reporting Standards (“IFRS”). All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on [www.sedar.com](http://www.sedar.com).

Abbreviation	Period
Q1-16	January 1, 2016 to March 31, 2016
Q2-16	April 1, 2016 to June 30, 2016
Q3-16	July 1, 2016 to September 30, 2016
Q4-16	October 1, 2016 to December 31, 2016
Fiscal 16	January 1, 2016 to December 31, 2016
Q1-17	January 1, 2017 to March 31, 2017
Q2-17	April 1, 2017 to June 30, 2017
Q3-17	July 1, 2017 to September 30, 2017
Q4-17	October 1, 2017 to December 31, 2017
Fiscal 17	January 1, 2017 to December 31, 2017

### 1. NATURE OF ACTIVITIES

Kintavar Exploration Inc. (the “Corporation”) was formed on March 24, 2017 upon the issuance of an amalgamation certificate under the Business Corporations Act (Quebec) and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under symbol KTR. The address of the Corporation’s registered office and principal place of business is 75, boul. de Mortagne, Boucherville, Quebec, Canada, J4B 6Y4.

### 2. CORPORATE UPDATE

#### 2.1 Amalgamation and related transactions

Pursuant to the terms and conditions of the Amalgamation Agreement dated January 3, 2017, between Black Springs and Géomines, Black Springs and Géomines were amalgamated on March 24, 2017. The amalgamated entity is named Kintavar Exploration Inc.

Immediately prior to the amalgamation, Géomines acquired from GéoMéga Ressources Inc. (“GéoMéga”) mineral claims on gold bearing prospects, including the claims comprising the Anik, MacDonald, Rivière à l’aigle, Gaspard, Lac Storm, 3G, Comptois and Maryse properties, located in the Province of Québec in consideration of the issuance of 17,857,143 Géomines shares.

Pursuant to the amalgamation, the shareholders of Black Springs were issued 4,125,000 class A common shares and the shareholders of Géomines were issued 35,025,529 class A common shares of which 17,857,143 were issued to GéoMéga. The Corporation also issued 571,428 class A common shares as finder fee.

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### 2. CORPORATE UPDATE (CONT'D)

This transaction is accounted for as the successive acquisitions by Géomines of GéoMéga's mining claims and 100% of the issued and outstanding shares of Black Springs. Consequently, these financial statements reflect only the assets, liabilities, operations and cash flows of Géomines for dates and periods prior to March 24, 2017 and include also GéoMéga's mining claims and Black Spring's assets and liabilities since March 24, 2017. More detail on the amalgamation and related transactions can be found on note 4 of the Q1-17 financial statements of the Corporation.

The transactions described above constituted Black Springs' qualifying transaction.

#### 2.2 Financial Highlights

Concurrently with the closing of the amalgamation, the Corporation completed a concurrent financing pursuant to a non-brokered private placement of (i) 1,183,510 shares, issued on a flow through basis, at a price of \$0.18 per common share, and (ii) 5,173,293 units at a price of \$0.14 per unit for aggregate gross proceeds of \$937,293. Each unit being comprised of one common share and one half of one common share purchase warrant, each whole warrant entitling the holder hereof to acquire one common share at a price of \$0.18 per common share until March 24, 2019. In connection with this financing, the Corporation paid to arm's length finders an aggregate amount of \$7,842 and issued an aggregate of 43,568 finder warrants. Each finder warrant entitles the holder to purchase one common share at a price of \$0.18 until March 24, 2019.

Kintavar has a working capital of \$1,185,397 as of March 31, 2017 (\$741,109 as of December 31, 2016). From this working capital, the Corporation has to dedicate \$604,628 to Canadian mining properties exploration, pursuant to the restrictions imposed by the December 30, 2016 and March 24, 2017 flow-through financings completed by Groupe Ressources Géomines Inc. ("Géomines") (a predecessor of the Corporation) and the Corporation respectively. The Company is constantly seeking financing or business opportunities.

The Corporation reported a net loss of \$981,657 in Q1-17 compared to \$5,855 for Q1-16. The main variations are as follow:

- Salaries, employee benefits and share-based compensation \$26,792 (\$nil in Q1-16). Kiril Mugerma is coordinating management and exploration activities starting January 1, 2017 and is president and CEO of the amalgamated companies since March 24, 2017. GéoMégA has started to charged Mr. Mugerma salary and benefits since January 1, 2017, based on time sheet.
- Exploration and evaluation expenses, net of tax credits \$409,764 (\$4,866 in Q1-16) (see section 3).
- Professional fees for \$11,397, travel, conference and investor relations for \$2,318, administration for \$1,257 (\$991 in Q1-16) and filing fees for \$1,250. Kintavar is a listed company that is actively operating as opposed to Géomines that was a private company focussing on grass root exploration with limited corporate activities.
- Listing expense of \$750,071 (nil in Q1-16). See note 4 of the Q1-17 financial statement for the detail of the listing expense relating to the amalgamation and related transactions.
- Deferred income taxes recovery \$221,193 (nil in Q1-16). This recovery records mainly the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the December 30, 2016 and the March 24, 2017 private placement.

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## 2. CORPORATE UPDATE (CONT'D)

### 2.3 Use of funds following the qualifying transaction

In the March 7, 2017 filing statement of the Corporation, had to complete private placements to raise a minimum of \$500,000 and a maximum of \$3,108,000. The Corporation completed \$1,081,710 in December 2016 (\$280,350 of units and \$801,360 of flow-through) and \$937,293 in March 2017 (\$724,261 units and \$213,032 of flow-through) for a total of \$2,019,003 (\$1,004,611 of units and \$1,014,392 of flow-through).

Following is a table summarizing the use of funds:

	Assuming completion of the minimum concurrent financing	Assuming completion of the maximum concurrent financing	Up to March 31, 2017
	\$	\$	\$
Phase 1 work program Mitchi (previously WHN Boisvert )	627,000	627,000	5,406
Phase 1 work program Anik	200,000	562,000	379,209
Phase 2 work program Anik	-	1,362,000	-
Exploration on other properties	-	-	25,149
Property acquisition	-	-	16,346
General and administrative costs	401,938	401,938	43,014
Costs to complete the qualifying transaction	56,863	56,863	127,939
Financing costs	40,000	248,640	34,751
Unallocated working capital	125,432	595,152	-
	<b>1,451,233</b>	<b>3,853,593</b>	<b>631,814</b>

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#### 3. EXPLORATION ACTIVITIES

	Q1-17	Q1-16
	\$	\$
<b>Mitchi</b>		
Salaries, geology and prospecting	4,659	4,866
Lodging and travel expenses	247	-
Supplies and equipment	500	-
	5,406	4,866
<b>Anik</b>		
Salaries, geology and prospecting	93,373	-
Lodging and travel expenses	44,860	-
Analysis	563	-
Drilling	168,859	-
Geophysics	53,019	-
Supplies and equipment	14,470	-
Taxes, permits and insurance	4,065	-
	379,209	-
<b>MacDonald</b>		
Salaries, geology and prospecting	435	-
	435	-
<b>Rivière à l'aigle</b>		
Salaries, geology and prospection	3,829	-
Lodging and travel expenses	133	-
Supplies and equipment	710	-
	4,672	-
<b>Genex</b>		
Salaries, geology and prospecting	19,974	-
Supplies and equipment	68	-
	20,042	-
<b>Total</b>		
Salaries, geology and prospecting	122,269	4,866
Lodging and travel expenses	45,239	-
Analysis	563	-
Drilling	168,861	-
Geophysics	53,019	-
Supplies and equipment	15,748	-
Taxes, permits and insurance	4,065	-
	<b>409,764</b>	<b>4,866</b>

Alain Cayer, P. Geo., M.Sc., Vice-President Exploration of GéoMégA, a qualified persons as defined in NI 43-101 supervised the preparation of the technical information in this section.

The gold projects portfolio is divided into two groups: Abitibi projects and Grenville projects. The Abitibi projects include 8 properties in the Abitibi region which are owed 100% by the Company: Anik, MacDonald, Rivière à l'aigle, Maryse, Lac Storm, 3G, Gaspard and Comptois. All properties, except for Lac Storm, are located in the urbanized lower part of Northern Quebec (above the 49<sup>th</sup> parallel) and all properties benefit from permanent road access, and close proximity to both public infrastructure and an experienced workforce.

The Grenville projects currently include 1 property in the Laurentides region of southern Quebec which is 100% owned by the Company: Mitchi (previously WHN/Boisvert).

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### 3. EXPLORATION ACTIVITIES (CONT'D)

#### 3.1 Anik (Gold – 122 claims – 100% interest)

A short exploration drilling program on the Anik property was completed at the end of winter 2017. The Corporation was able to complete only half of its original drilling program due to spring breakup. Drilling focused on the south-western portion of the property, adjacent to the Nelligan project, a joint venture between IAMGOLD and Vanstar, where IAMGOLD recently completed a 7,669 meters drilling program. The Bobby zone (Drill hole ANK-15-06: 56.5m @ 0.41 g/t Au including 15m @ 1.0 g/t Au) and Kovi zone (channel sample: 0.95 g/t Au over 5.0 meters, open on both sides and 6 grab samples up to 30.0 g/t Au) in the north-eastern portion of the property are now expected to be drilled in the next winter.

The 2017 winter drilling program included 15 drill holes for a total of 2,200 meters. Due to the lack of outcrop in this area of the property, the main objectives of the program were to test several geophysical Induced Polarization (IP) anomalies that could be suggesting of an extension of the mineralized structures of the Nelligan project, to confirm the lithologies present and to test several geological and Electromagnetic (EM) targets.

The drilling program was able to successfully intersect the desired lithological units, alteration and mineralization suggesting of continuation of the Nelligan hydrothermal activity on the Anik property. Assays that were received to date have not returned any significant intercepts and additional assay results are still pending.

#### 3.2 Rivière à l'aigle (Gold – 154 claims – 100% interest)

The Corporation recently completed a detailed airborne geophysics EM and Magnetics survey covering the southern portion of the property covering all the high grade till anomalies that have been identified. The interpretation of the survey will help focus the summer field work program which will consist of additional till and soil sampling, trenching and local surface geophysics.

The property is located north of the Osisko Mining Urban Barry East Target where an extensive till sampling program was completed in 2016 confirming the gold trains identified by Kintavar. An Osisko Mining drilling program is currently ongoing on the East Target. The area is currently one of the most active exploration regions of Quebec.

#### 3.3 Mitchi (previously WHN/Boisvert) (Gold / Copper – 362 claims – 100% interest)

Over the last several months, the technical team focused on data compilation of the entire property which today covers 362 claims and 21 km<sup>2</sup>. More than seven (7) different geophysical surveys (Magnetics / EM, gravity, IP and Max-Min) dating back to 2002 are being treated together with four (4) different sets of soil sampling programs dating back to 2007. Those surveys were realized from 2002 to 2015 but they had minimal or no ground follow-up at all. The leveling and compilation of all this geophysical and geochemical data is being used to identify the sectors of highest priority for the upcoming three month field program that will focus on trenching and channel sampling. This is expected to be followed up in the fall by a detailed surface IP and Magnetic survey with the expectation for a drilling program during the winter season.

### 4. RELATED PARTY TRANSACTIONS

Related party transactions are described in note 13 of the Q1-17 financial statements. Nevertheless, following are further details on related party transactions in the normal course of operations:

- ◆ A firm in which Maxime Lemieux (director and corporate secretary) is a partner charged legal professional fees amounting to \$102,427 of which \$61,124 was recorded as listing expense, \$3,300 as share issue expense and \$38,003 was recorded in the books of Black Spring prior to March 24, 2017 but relates to the amalgamation and related transactions;
- ◆ A company controlled by Ingrid Martin (officer) charged professional fees of \$6,920, of which \$975 relates to her staff.

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### **5. RISK FACTORS**

The following discussions review a number of important risks which management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future exist in the Corporation's operating environment.

#### **5.1 Exploration and Mining Risks**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Currently, there are no known bodies of commercial ore on the mineral properties of which the Corporation intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in the conduct of exploration programs. The Corporation, from time to time, increases its internal exploration and operating expertise with due advice from consultants and others as required.

The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Corporation's mineral properties.

#### **5.2 Titles to Property**

While the Corporation has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

#### **5.3 Permits and Licenses**

The Corporation's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

#### **5.4 Metal Prices**

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

#### **5.5 Competition**

The mining industry is intensely competitive in all its phases. The Corporation competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

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### **5. RISK FACTORS (CONT'D)**

#### **5.6 Environmental Regulations**

The Corporation's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution.

A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to fully comply with all environmental regulations.

#### **5.7 Conflicts of Interest**

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors or officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

#### **5.8 Stage of Exploration**

The Corporation's properties are in the exploration stage and to date none of them have a proven ore body. The Corporation does not have a history of earnings or return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

#### **5.9 Industry Conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax and mining duty increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Corporation, such as government regulations. The Corporation undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

#### **5.10 Uninsured Hazard**

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Corporation may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Corporation may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Corporation assets or the insolvency of the Corporation.



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### 5. RISK FACTORS (CONT'D)

#### 5.11 Capital Needs

The exploration, development, mining and processing of the Corporation's properties will require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favourable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest.

#### 5.12 Key Employees

Management of the Corporation rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

#### 5.13 Canada Revenue Agency and provincial agencies

No assurance can be made that Canada Revenue Agency and provincial agencies will agree with the Corporation's characterization of expenditures as Canadian exploration expenses or Canadian development expense or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada) or any provincial equivalent.

May 29, 2017

(s) Kiril Mugerma

Kiril Mugerma  
President and CEO

(s) Ingrid Martin

Ingrid Martin  
CFO