

# **IRONSIDE RESOURCES INC.**

**Management's Discussion and Analysis**

**For the Three Months Ended**

**September 30, 2017**

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For the three months ended September 30, 2017

TSX.V: IRC

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## Overview

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Ironside Resources Inc. ("the Company" or "IRC"), as prepared at November 27, 2017, should be read in conjunction with the audited consolidated financial statements and related notes for the year ended June 30, 2017, and the condensed interim consolidated financial statements and related notes for the three months ended September 30, 2017.

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies consistent 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"). All dollar amounts included in the following MD&A are expressed in Canadian dollars except where noted.

Additional information regarding the Company and its activities is available on SEDAR at [www.sedar.com](http://www.sedar.com), and also on the Company's web site at [www.ironsideresources.com](http://www.ironsideresources.com), or by requesting further information from the Company's head office located in Kelowna, British Columbia, Canada.

## Forward-Looking Statements

Statements in this report that are not historically based fact are forward looking statements involving known and unknown risks and uncertainties which could cause actual results to vary considerably. Readers are cautioned not to place undue reliance on forward-looking statements.

## Description of Business

IRC is a Canadian company incorporated under the Business Corporation Act of British Columbia. The Company was formed on September 28, 2010 with the amalgamation of Papuan Precious Metals Corp. ("Papuan") and Jalna Minerals Ltd. ("Jalna"). With an effective date of April 20, 2015 the name of the Company was changed from Papuan Precious Metals Corp. to Ironside Resources Inc. Trading under the symbol "IRC" on the TSX Venture Exchange commenced on April 21, 2015. Previously, trading under the symbol "PAU.V" commenced on October 1, 2010.

IRC is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties (exploration and evaluation assets). The Company's primary objective is to locate, acquire and evaluate mineral properties and to finance their exploration and potential development by way of joint venture, equity financing, option agreements or by other means. In March of 2015, the Company incorporated Adan Ventures Ltd., a British Virgin Islands corporation, in order to facilitate the purchase of the interest in the Wadi Sawawin project in Saudi Arabia. The Company also has a wholly owned subsidiary, Papuan Precious Metals Ltd. ("PPML"), located in Port Moresby, Papua New Guinea ("PNG"). As the Company no longer holds any rights to mineral tenements in PNG, PPML is considered dormant.

There are a number of inherent risks and uncertainties related to exploration and development, including, but not limited to: the ability to raise sufficient capital to fund further exploration and development; changes in economic conditions and/or financial markets; increases in input costs; litigation, legislation, environmental and/or other judicial, regulatory, political and competitive factors; technological or operational difficulties, inability to obtain access and/or permits; labour relations matters and economic issues that could materially affect precious metals exploration and mining.

## Liquidity and Capital Resources

Ironside is an exploration and evaluation company and has yet to determine whether its properties contain mineral resources that are economically viable. The recoverability of the amounts shown for exploration and evaluation assets, including acquisition costs and related exploration and evaluation costs, are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The Company has no significant source of revenue and has certain cash requirements to maintain its mineral property interests and to meet its administrative overhead. Management has determined that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business, and therefore, the annual consolidated financial have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to secure equity, debt or joint venture financing and generate profitable future operations.

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## IRONSIDE RESOURCES INC.

Management's Discussion and Analysis

For the three months ended September 30, 2017

TSX.V: IRC

The condensed interim consolidated financial statements for the period ended September 30, 2017 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is actively pursuing joint venture partners and has minimized its exploration activities and over-all operations in an effort to conserve cash until global market conditions improve.

The Company had cash and cash equivalents of \$14,491 as at September 30, 2017 with a negative working capital balance of \$371,336. As at June 30, 2017, the Company had cash and cash equivalents of \$24,194 and working capital balance of \$314,504. The decrease in working capital is due to the continual administrative expenses being recognized without continued increase in financial resources. The Company's negative working capital balance is expected to grow unless new forms of financing are realized or the administrative expenses are reduced or eliminated.

Accounts payable and accrued liabilities at September 30, 2017 were \$341,856 compared to \$291,900 as at June 30, 2017. The increase is due to continued recognition of administrative expenses accrued and related party financing.

### Overall Performance

The expenses incurred by the Company are typical of junior exploration and development companies that do not have an established cash flow from mining operations. Changes in these expenditures from quarter to quarter are impacted directly by non-recurring activities or events.

The Company's net loss and comprehensive loss for the period ended September 30, 2017 was \$56,832 compared to the corresponding previous comparable period of \$104,716.

### Selected Annual Information (audited)

<b>For the year ended June 30,</b>	<b>2017</b>	2016	2015
Net loss and comprehensive loss	\$ <b>(896,461)</b>	\$ (5,373,228)	\$ (720,023)
Total assets	<b>27,396</b>	628,238	5,522,146
Total liabilities	<b>341,900</b>	46,281	585,193
Shareholders' equity (deficit)	<b>(314,504)</b>	581,957	4,936,953
Basic and diluted loss per common share	\$ <b>(0.09)</b>	\$ (0.77)	\$ (0.14)

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**IRONSIDE RESOURCES INC.**

Management's Discussion and Analysis

For the three months ended September 30, 2017

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**Summary of Quarterly Results (unaudited)**

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	20,520	27,396	437,444	488,088	549,467	628,238	5,853,662	5,926,751
Working capital	(371,336)	(314,504)	(181,601)	(67,072)	64,710	171,741	(126,774)	(23,424)
Net loss for the period	(56,832)	(542,389)	(114,772)	(132,026)	(107,274)	(5,028,567)	(94,258)	(116,331)
Basic/Diluted (loss) income per share	(0.01)	(0.06)	(0.01)	(0.01)	(0.01)	(0.48)	(0.01)	(0.02)

**Analysis of Three Months Ended September 30, 2017**

The Company's net loss was \$56,832 for the current period compared to \$107,274 in the prior period. The decrease is primarily due to an overall reduction in general and administrative expenses and related activity as management searches for a new project and financing.

**Exploration and Evaluation Assets****Wadi Sawawin:**

IRC announced on April 6, 2015, the formation of a Joint Venture ("JV") with Juniper Capital Partners Limited to acquire an interest in the highly strategic Wadi Sawawin Iron Ore project in Saudi Arabia. The JV has acquired London Mining PLC's contractual equity rights to a 25% carried interest of the project which is owned by National Mining Company ("NMC") of Saudi Arabia.

The Company is obligated to provide initial funding to the JV in the amount of US\$375,000 with Juniper and the Company then contributing additional funds to the JV pro-rata so that each partner will provide one-half of the additional funds required by the JV. Juniper has agreed to manage the JV's interests in the project for a minimum of two years. Juniper is a natural resources focused investment and advisory business with offices in Singapore, London and representation in Riyadh.

The Wadi Sawawin property is an advanced-stage iron ore exploration project located in the Northern Hijaz region of the Kingdom of Saudi Arabia. Situated 125km from Tabuk and just 60km from the port of Duba on the Red Sea, the open pit project could supply Saudi Arabia with a domestic source of DRI (direct reduced iron) pellets for use in the DRI steel plants which account for 90 percent of steel production in the Middle East and North Africa region.

NMC holds Exploration licences for each of the Western, Eastern and Al Hamra Blocks and a 30 year Exploitation licence for part of the Western block where the main deposit is located. Within the Western Block, the project hosts Algoma-type Jaspilitic iron ore which forms a bedded deposit in a sequence of volcanoclastic and sedimentary rocks whose primary iron mineral is hematite (Fe<sub>2</sub>O<sub>3</sub>) and secondary iron mineral is magnetite (Fe<sub>3</sub>O<sub>4</sub>).

**New Hanover:**

During the year ended June 30, 2016, a loss of \$4,998,763 was recognized upon the relinquishment of the 100% PPM owned EL-1566 – New Hanover. The Company no longer holds any exploration permits in Papua New Guinea.

**Related Party Transactions**

During the three-month period ended September 30, 2017, the Company incurred \$45,000 (2016 - \$45,000) of consulting fees from a company controlled by the Chief Executive Officer (Dev Randhawa) for services performed. As at September 30, 2017, the Company owed \$260,250 (June 30, 2017 - \$213,010) in accrued consulting fees to the Chief Executive Officer.

As at June 30, 2017, the note payable to a related party of \$50,000 due to a private company owned by the Chief Executive Officer and director of the Company is due on demand with no fixed term of repayment or stated interest.

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## IRONSIDE RESOURCES INC.

Management's Discussion and Analysis  
For the three months ended September 30, 2017

TSX.V: IRC

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During the three-month period ended September 30, 2017, the Company incurred \$NIL (September 30, 2016 - \$3,000) of consulting fees from a company controlled by a director (Rich Matthews) for services performed. As at September 30, 2017, the Company owed \$13,000 (June 30, 2017 - \$13,000) in accrued consulting fees to this director.

### Outstanding Share Data

As at the date of this report, the Company had 10,426,547 common shares outstanding.

As at the date of this report, there were no stock options outstanding.

### Private Placement Financings

During the year ended June 30, 2016, the Company completed a private placement with Ballyliffin. Ballyliffin acquired 2,189,200 common shares of the Company at a price of \$0.125 per share for gross proceeds of \$820,950. The Company shares acquired by Ballyliffin were subsequently distributed to the shareholders of Ballyliffin in exchange for their shareholdings in Ballyliffin. The Company incurred \$34,218 in financing costs in relation to this transaction.

### Financial Instruments and Capital Management

The Company's objectives when managing capital, being its share capital, are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is dependent on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. Changes in the equity accounts of the Company are disclosed in the statements of changes in equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. Any issuance of common shares requires approval of the Board of Directors.

In order to facilitate management with its capital requirements, the Company prepares annual expenditure budgets which are approved by the Board of Directors and updated as necessary depending on various factors including capital deployment and general market and industry conditions.

The Company anticipates pursuing potential farm-out and joint venture agreements and also continuing to access equity markets to fund the sustained exploration of its Exploration and Evaluation assets and to ensure the future growth of the business.

The Company is not subject to any externally imposed capital restrictions.

#### Financial Instruments and Risk Management

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

*Level 1:* quoted (unadjusted) prices in active markets for identical assets and liabilities

*Level 2:* inputs other than quoted direct prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

*Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company does not currently have any active hedging or derivative trading policies to manage these risks as it has been determined by management that the current size, scale and pattern of its operations would warrant such hedging activities.

(a) *Credit Risk*

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## IRONSIDE RESOURCES INC.

Management's Discussion and Analysis

For the three months ended September 30, 2017

TSX.V: IRC

Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk. Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to trade and other receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from cash and cash equivalents and amounts receivable. The Company's maximum exposure to credit risk is minimal as cash and cash equivalents are deposited with reputable financial institutions.

### (b) Liquidity Risk

Liquidity Risk is the risk that the Company will be unable to meet its financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and its current cash flow position to meet current obligations by monitoring and maintaining sufficient cash and cash equivalents to meet its anticipated operational needs.

The Company's financial liabilities, consisting of accounts payable and accrued liabilities, arise as a result of expenditures directly related to exploration of its exploration and evaluation assets and other corporate expenses. Payment terms on these liabilities are typically 30 to 60 days from receipt of invoice and generally do not bear interest. The following table summarizes the remaining contractual maturities of the Company's financial liabilities:

<b>Maturity dates &lt;6 months</b>	<b>September 30, 2017</b>	<b>June 30, 2016</b>
Accounts payable	\$ 42,607	\$ 20,687
Accrued liabilities	299,250	25,594
Note payable	50,000	-
	<b>\$ 391,857</b>	<b>\$ 46,281</b>

The Company is exposed to liquidity risk.

### (c) Market Risk

Market risk is the potential that the fair value for assets will fluctuate due to changes in market conditions on items classified as held-for-trading, available-for-sale or future cash flows from assets or liabilities considered to be held-to-maturity, other financial liabilities and loans or receivables of a financial instrument. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations. The Company is not exposed to interest rate risk as it does not hold debt balances and is not generally charged interest on accounts payable balances.

### (d) Foreign Exchange Risk

The Company operates on an international basis therefore foreign exchange risk exposures arise from transactions denominated in foreign currencies. Although the functional currency of the Company is Canadian dollars ("CAD"), the Company simultaneously conducts business in US Dollars ("USD"), Papua New Guinea Kina ("PGK") and Saudi Arabian Riyal ("SAU"). Derivative instruments are currently not used to reduce exposure to fluctuations in foreign currency exchange rates.

Changes in the value of USD, PGK and SAU against the CAD affect the costs of operations and resultant capital expenditures. The Company primarily maintains its cash balances in CAD and exchanges currency on an as needed basis thereby reducing the exchange risk on cash balances.

## New Standards, Amendments and Interpretations

The IASB has issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after July 1, 2016. None of the new or revised standards or amendments is expected to have any significant impact to the Company's financial statements.

## Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IAS 3 requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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**IRONSIDE RESOURCES INC.**

Management's Discussion and Analysis

For the three months ended September 30, 2017

TSX.V: **IRC**

Accounts that require significant estimates as the basis for determining the stated amounts include exploration and evaluation expenditures and share-based payments. The assessment of any impairment of exploration and evaluation assets is based on the estimated recovery of future exploitation or sale where the activities have not reached a stage which permits a reasonable assessment of existence of reserves. Share-based payment expense is calculated using Black-Scholes pricing model which requires significant judgment as to considerations such as stock option lives and stock volatility.

**Off-balance Sheet Arrangements**

There are no off-balance sheet arrangements

**Proposed transactions**

There are no proposed transactions